

**ANNEXURE “A”**

**ANNUAL REPORT**

**2015/16**

**FINAL VERSION**



# ANNUAL REPORT 2015/16



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# Preface

## REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.



We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

*MFMA Implementation Unit, National Treasury*

# Chapter 1

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

##### a. Vision

*“Sedibeng District Municipality envisages towards a developmental metropolitan river city of choice”*

This annual Report is proudly presented to set out Sedibeng District Municipality performance highlights and financial management for the 2015/2016 financial year. This account shall be a transparent presentation of the municipality’s achievements for the year under review, the shortcomings in terms of the economy will also be highlighted.

It is always an overwhelming task to provide a complete account on the responsibilities conferred upon us by the electorate. Most expressively, we do so being quite conscious of the fact that the general public deserves its rightful place at the climax of the ‘accountability chain’.

The report is published in terms of the requirements of the Municipal Finance Management Act No. 56 of 2003 which requires municipalities to report on all aspects of performance, providing a true, honest and accurate account of the goals set by Council and our success or otherwise in achieving these goals.

This forms part of a cycle of ongoing planning, monitoring and evaluation in an effort to enhance governance and promote accountability.

##### b. Key Policy Developments

The premier of the Gauteng Provincial Government Mr David Makhura has announced the ten pillar programme which constitutes the core mandate of the fifth administration of government, which aims to radically transform, modernise and re-industrialise the economy of Gauteng. Radical transformation, Modernisation and Reindustrialisation are the main drivers in addressing the country’s triple challenge of poverty, inequality and unemployment. To check the correctness of our trajectory, we looked at the work done by McKinsey Global Institute which has produced a report in September 2015 that outlined bold priorities for Inclusive Growth- called Big 5



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## **The BIG 5 are**

1. Advanced Manufacturing,
2. Infrastructure Productivity
3. Natural Gas
4. Service export
5. Raw and Processed Agriculture

It is worth mentioning that, Sedibeng finds resonance with at least three (3) of the Big 5, namely Advanced Manufacturing, Infrastructure Productivity and Raw and Processed Agriculture

However, as Sedibeng we find ourselves sitting with the following challenges:

- That the economy excludes the majority of our residents- hence Township Economic Revitalisation is key
- The Declining of Steel and Manufacturing base creates a need for diversification
- Limited role for SMMEs, township enterprises and cooperatives.
- Energy and water supply is no longer secure
- Low skills base – Creates a labour supply constraint
- Failure to implement key “Catalytic” / Flagship projects- linked to sanitation are also some of our big challenges
- The Image and profile of our area- is not as we would like it to be due to low marketing and no coherent lobby for investment.
- Lack of long term planning on infrastructure and infrastructure roll out with poor maintenance

### **c. Key Service Delivery Improvements:**

Having mentioned constraints of the economy across the province, our collective response was Game Changers first pillar being around Building Economies of the Future- build around knowledge

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economy, beneficiation, new cities, and Logistics capacity,

Secondly a strategic focus was on revitalization of township economies and this I still maintain, it is very bold and visionary

Lastly it was critical to look at the investment in the Infrastructure to stimulate growth and development especially in programs of Energy and Water as well as Sanitation capacity given high volumes migration into Gauteng.

In terms of the status of the Economy in Sedibeng so much has fundamentally changed economically in the last 3-4 years. As a matter of fact whatever progress achieved between the years 2009-2012 has been wiped out by global economic situation and its impact to emerging markets. It is also worth mentioning that the character of the Sedibeng economy is centred around Manufacturing, Tourism, Trade and Agriculture as key drivers of the economy, so in the last 2 years the economic contribution picture has altered significantly.

#### **d. Public Participation:**

SDM has a strong public participation processes, led by the Office of the Speaker and the Integrated Development Planning Unit. Our focus is on the organised stakeholders, like faith-based organisations, non-governmental organisations, businesses, and organisations of persons with disabilities, to name but a few. SDM held robust public participation sessions with all its stakeholders. Through these engagements we managed to improve our IDP, municipal systems, and social cohesion programmes. Our biggest challenge is to encourage more of organised formations to attend and participate in these sessions as planned. SDM will continue to engage its stakeholders, gather and share information thus to enhance its future plans and actions.

#### **e. Future Actions**

Our future Economic Trajectory for the next 5-10 years are in Six Economic and Industrial Development Strategies

#### **Which are:**

- Sedibeng Electronic and Techno-Park
- Sedibeng Transport and Logistic Hub



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- Sedibeng Building Equipment and Supply Hub
- Sedibeng Iron and Steel Beneficiation Cluster
- Sedibeng Green Economy and Agropolis Cluster
- Sedibeng Tourism City
- Electronic and Techno-Park

With this Electronic and Techno-Park we are looking towards securing an industrial park whereby manufacturing firms specialising in electronics can be pooled together due to the comparative advantages present in our region which is the opportunity for them to share resources:

This will indeed

- Support growth and investment in the knowledge economy
- Stimulate employment and small business growth
- Growth and expansion of SMME's
- Export manufacturing goods from the electronics and technological sector

The second is Transport and Logistic Hub

The economic rationale of this hub is to promote competition, ease costs of doing business and reduce an influx of trucks using the inner city roads thus, causing fatalities.

The hub will also:

- Provide opportunities for firms in Sedibeng
- Stimulate employment and small business growth
- Township revitalisation, growth and development
- Improve exporting capacity of all industries

The third is on Building Equipment and Supply Hub

Nationally there are growing concerns regarding depletion of natural resources as well as absorption of

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waste material. In the light of this concern Sedibeng finds itself at a comparative advantage due to the use of non-metallic resources in manufacturing of construction material.

Therefore the Building Equipment and Supply Hub will:

- Ensure the implementation of support infrastructure
- Expansion of SMME's and Co-ops
- Promote and facilitate exports

The forth is on Iron and Steel Beneficiation Cluster

Sedibeng has experienced a high level of investor confidence in the metal industry therefore this beneficiation process will:

- Support growth and investment in the metals sector
- Foster Labour and Skills development
- Promote and facilitate exports

The fifth one is on Green Economy and Agropolis Cluster

In order to grow the economy of Sedibeng the key focus should be on the green economy, specifically with the goal of establishing Sedibeng as an agropolis for:

- Sustainable beneficiation of local resources and:
- Investment in agriculture and agro processing

The sixth Sedibeng Tourism City

Sedibeng is fortunate in terms of the tourism destinations as it lies along the Vaal River and hosts the cradle for human rights

Therefore the tourism city has potential to:

- Promote Vaal River City and Suikerbosrand Nature Reserve and:
- Explore the possibility of establishing a water Theme Park

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These are high level reflections from Sedibeng region and we are building on them towards review of the GDS 2 and 5 year IDP post Local Government Elections.

## **f. Agreements / Partnerships**

Sedibeng is partnering with the private sector for the development of the Vaal River City. This is one of the commitments that will make the region of Sedibeng to become the main focus as part of the mainstream economy of globally competitive Gauteng City Region. Our private partners are planning to inject R4 billion into this development, and the entire development is estimated at R11 billion.

## **g. Conclusion**

In conclusion, I urge citizens and stakeholders to study and comment on this Annual Report. This will assist us as we strive for continuous improvement, in a cycle that thrives on input and participation from the communities that we serve

I remain committed to working together with my Mayoral Committee, the whole Council and the Municipal Administration in apprehending our vision and making it a practical reality. We are positive that Sedibeng District Municipality's future holds the promise of a better managed and financially viable institution which delivers excellent services to the communities. I trust that every reader who studies this report from a balanced and fair perspective will concur with this impression.

---

**Cllr. Busisiwe Modisakeng**

**Executive Mayor: Sedibeng District Municipality**



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## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

It is in great honour for me to provide this overview on the 2015/16 Annual Report. The year under review has been successful in most strategic and operational areas. The political and administrative levels of the municipality experienced both positive and challenging issues. In October 2015, at political level, there was redeployment of our Sedibeng District Municipality's (SDM) political leadership to Emfuleni Local Municipality, namely the Executive Mayor Cllr Simon Mofokeng, Chief Whip Cllr Christina Sale, MMC Maipato Tsokodibane, and MMC Busisiwe Mncube. At administrative level, there was a secondment of the Municipal Manager, Mr Yunus Chamda and the Chief Financial Officer (CFO), Mr Brendon Scholtz to be the Municipal Manager and CFO at Emfuleni Local Municipality, respectively. This redeployment gave SDM a new Executive Mayor in Cllr Busisiwe Modisakeng. A long serving and experienced politician, who amass unlimited political leadership at local government level.

In order to plan properly for the development of the Sedibeng District Municipality, it is critical to analyse and understand the key development parameters, challenges and opportunities prevalent in the District. These include, amongst others, the demographic profile of the region, level of development, socio-economic and economic profile, natural landscape, the anticipated trends of these aspects in the overall District context in the next five years. This chapter explores the above mentioned aspects and will enable all role players in the planning process to respond accordingly to developmental challenges and opportunities within the District.

#### 1. Organisational Structure

The Sedibeng District Municipality has a total of 653 approved posts with 31 vacancies, thus 622 warm bodies in the organizational structure (see table 1 below: SDM Employees). The District Municipality has, in many ways, realised that its structure is highly bloated, in simpler terms, it is over staffed. This situation, in more ways, has called upon politicians and administrative leadership to revisit its organisational structure in the new year. The same process took place in 2012, and 4 years later, it has also become unavoidable to revisit the process. Strategies and human capital interventions

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are necessary, with direct consultation with labour, to reduce SDM's staff compliment, thus to establish a sustainable municipality. There is also an urgent call to revisit SDM's services, powers and functions, thus to strategically identify potential services towards a financial sustainable municipality.

**1. Table 1: SDM Employees**

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Waste Management		2	2	—	
Housing		3	2	1	
Transport		174	165	9	
Planning		8	7	1	
Local Economic Development		8	8	—	
Community & Social Services		124	116	8	
Environmental Protection		10	8	2	
Security and Safety		30	30	—	
Sport and Recreation		4	4	—	
Corporate Policy Offices and Other		299	289	10	
<b>Totals</b>		<b>653</b>	<b>622</b>	<b>31</b>	<b>5</b>

A table above shows that as a District municipality, SDM represents a high staff compliment, resembling a misrepresentation of expected services of coordination and facilitation. This is evident in the high percentage of salary bill against diminishing equitable share from National Treasury. Further misaligned to limited and insignificant revenue streams available to the Sedibeng District



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Municipality. The key revenue stream of matter is the licensing fees commissioned from services rendered on behalf the Provincial Department of Transport.

## 2. Introduction to Administrative Governance

The administrative arm of the Municipality is headed by the Municipal Manager as the Accounting Officer. The Accounting Officer in fulfilling his responsibilities is assisted by six Senior Managers directly accounting to the position of the Municipal Manager. In order to assure alignment of duties with the political management team, all 3 Directors in political offices are incorporated into the management committee, thus forming a strong team of 10 Management Committee (MANCO):

## 3. Council Policies

SDM policies are developed, reviewed annually, approved and uploaded onto SDM website for accessibility by all. SDM follows standard operating procedures and practices in the implementation of its policy guidelines. Herein is a list of most critical policies, keeping SDM highly competitive and fully operational:

HR Policies	HR Policies
Affirmative Action	Leave
Code of Conduct for employees	Recruitment, Selection and Appointments
Delegations, Authorisation & Responsibility	Remuneration Scales and Allowances
Disciplinary Code and Procedures	Employment Equity
Employee Assistance / Wellness	Sexual Harassment
Grievance Procedures	Skills Development
Human Resource and Development	HIV/Aids
Information Technology	Occupational Health and Safety
Finance	
Supply Chain Management	Accounting Policy



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Budget Oversight Policy	Debt Management Policy
Fixed Asset Management Policy	Journal entry Policy
Funding & Reserves Policy	
<b>Others</b>	
Performance Management System Policy	NPOs/CBNPOs HIV & AIDS Funding Policy
Policy relating to the Conferment of Civic Honours	Security Policy and Standard Operating Procedures
Sedibeng Indigent Burial Policy	Integrated Initiation Schools Policy
Security Policy and Standard Operating Procedures	The Disaster Risk Management Policy Framework

## 4. Provision of Basic Services

The Sedibeng District Municipality renders only a handful of direct services to the public. The overview of these services are as follows:

### *a. Air quality Management*

This service is being incrementally expanded. Air Quality monitoring stations operated by SDM are functional. Data is also obtained from other monitoring stations that are run by National Government. The District issues licences to industries and as soon as tariffs are set for these licences, the income generated could be used for improved monitoring of air quality.

### *b. Driver Licensing Testing Centres (DLTC's)*

The service is functional. Ageing infrastructure has hampered operations and services from being delivered at an optimal level. Allegations of fraud and corruption remains a major challenge at all DLTC's. During the year under review SDM has experienced misconduct related to fraud and corruption at all DLTC centres. SDM took serious interventions to deal with all misconduct by employees, thus warning letters issues, suspensions and dismissals. While others are still under attended at external institutions, bargaining Council and in Courts.

### *c. Motor Vehicle Registration and Licensing*

The service is fully functional and several new and innovative ideas have been proposed and implemented to improve services to the public. Some elements of the Licensing Revitalization Plan are

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well underway, for instance extending licensing services to township areas.

## *d. Public Halls (Vereeniging City Hall)*

The Vereeniging City Hall remains the most cost-effective public hall in the District and is fully utilised by the public for a variety of events and functions. The comparative low rates charged for the hire of the City Hall, and adjoining Banqueting Hall, makes it accessible to the public, but also inhibits capital investment in the development thereof. SDM will in future enforce by-laws according to Council resolutions.

## *e. Theatres (Mphatalatsane Theatre and Vereeniging Civic Theatre)*

The Mphatalatsane Theatre has become a multi-purpose facility for the Sebokeng Community. The Sedibeng District invested in emergency repairs to keep the facility functional but jointly with Emfuleni, a long-term upgrade is urgently required. The Vereeniging Civic Theatre is functional but also under-utilised by the arts community. It is also under-performing in relation to its income potential. SDM shall examine alternatives to increase revenue potential of these theatres.

## *f. Aerodromes*

The Vereeniging Aerodrome and Heidelberg Aerodromes still remain functional. For the period under review, the Vereeniging Aerodrome has continued to improve its services and supply of fuel, general maintenance and usage that stabilised. The Heidelberg aerodrome is primarily operated by the local flying club and a pilot training school is also based at the facility. A former landing strip in Vanderbijlpark is still listed as an aerodrome, but is completely non-functional and needs to be deregistered. It runs alongside a residential community and is therefore unsuitable for re-establishment.

## *g. Disaster Relief*

The service is fully functional. It does however only has capacity to provide very limited, small scale, emergency relief in incidents of natural disaster and mishaps. Disaster Relief is intended for short-term interventions, however, due to a lack of relevant transfer of incidents to relevant authorities, the District is being burdened with having to provide long-term solutions (e.g. emergency sanitation at Bears Farm in Midvaal). In the event of a large scale disaster, the District will be fully dependant on the support of Provincial and National programmes.

## *h. Heritage Centres (Vaal Teknorama, Sharpeville Monument)*

The former Transport Museum in Lesedi has been decommissioned and the facility has been returned



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to the Lesedi Local Municipality. The Vaal Teknorama is fully functional and still attracts a steady flow of visitors (especially schools) The facility is deteriorating rapidly due to a lack of maintenance. The Sharpeville Heritage precinct is functional. Supporting maintenance by Emfuleni around the precinct (especially Constitution Walk and the Circle) must be speedily resolved. The 'handover' of the Boipatong Memorial Site to our portfolio has been delayed, and has revealed procedural weaknesses in the 'handover' process of facilities from Provincial to Local Government.

## *i. Taxi ranks*

The non-usage of the Bophelong Intermodal hub remains a pressing challenge for the Municipality. The Municipality has spent about R1m for rehabilitation of damaged and vandalised infrastructure at the facility. The SDM does maintenance and cleaning of Taxi ranks across the District. Most of these facilities are not owned by the SDM, and the overlap on infrastructure maintenance and cleansing has led to many of the taxi ranks being inadequately maintained. Progress of the redevelopment of the Vereeniging Taxido Junction has slowed down and needs to be speeded up by the Provincial Government.

## **5. Critical Support Functions**

### *a. Support to Local Municipalities*

The Sedibeng District continues to support the local municipalities, wherever possible, and is willing to avail both financial and human resources wherever possible. The shrinking Capital Budget of the District has seen diminishing support in capital projects. The 'Smart City' project being driven by the District Municipality, and the investment in fibre-optic infrastructure, is an essential support provided to local municipalities. Inter office connectivity in Emfuleni has been enhanced, and such implementation is extended to Midvaal municipality.

### *b. Facilitating Role between spheres of government*

The Sedibeng District facilitates a number of projects that are implemented in communities. These include the NDPG (Neighbourhood Development Partnership Grant) projects, Alien Vegetation Project, Lotto Sports Facilities Development Project, Fabrication Lab Project, to mention a few.

### *c. Facilitating Development*

This remains one of the key areas that the District plays an essential role in. Both in the areas of



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economic development and in social development, the District stimulates investment and facilitates development. Interventions and facilitation of developments such as Savannah City, the R82 road, the R59 corridor, The Zone of Opportunity, Barrage infill development are all examples of 'services' that the District delivers and that communities benefit from indirectly.

## **6. PMS System and Overview of Performance**

In terms of progress in the 2015/16, the Municipality has progressed very well against set deliverables and targets. The Sedibeng District Municipality planned 201 programmes and projects in the 2015/16 Financial Year, as captured in the Service Delivery and Budget Implementation Plan (SDBIP). SDM successfully implemented 170 (85%) of all planned programmes/projects in the year under review. This status is demonstrated by the dashboard of its electronic Performance Management System introduced in SDM.

The 15% of targets not achieved in 2015/16, cuts across some Directorates in various Clusters. SDM has put in place future action plans and corrective measures to address targets not met in the year under review.

(Signed by :) \_\_\_\_\_

**Acting Municipal Manager**

**T.L Mkaza**

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## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### INTRODUCTION TO BACKGROUND DATA

#### GEOGRAPHICAL CONTEXT OF SEDIBENG

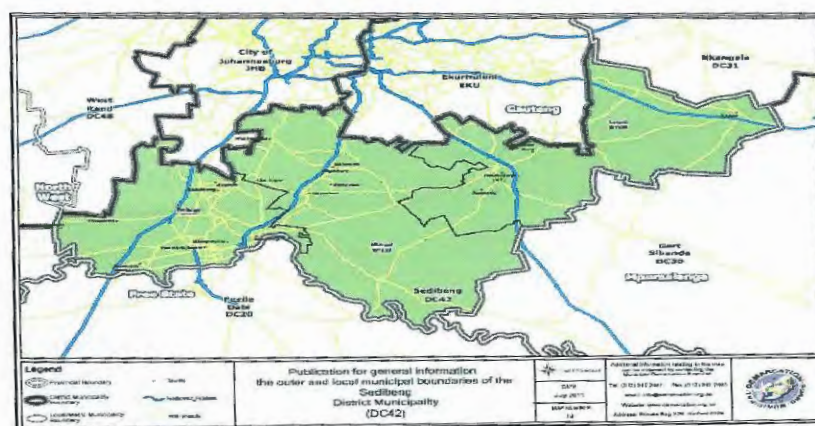
The Sedibeng District Municipality (SDM) is a Category C municipality found in the south of Gauteng Province. It is the only area of the Gauteng Province that is situated on the banks of Vaal River and Vaal Dam in the Southern-most part of the Province. It covers the area formerly known as the Vaal Triangle. It includes the towns of Vereeniging, Vanderbijlpark, Meyerton and Heidelberg as well as the historic townships of Evaton, Sebokeng, Boipatong, Bophelong, Sharpeville, and Ratanda, which have a rich political history and heritage.

#### Sedibeng Land Cover:

The total geographical area of the municipality is 4.185 square kilometer (km<sup>2</sup>) of the land cover of which Midvaal occupies almost half of the area of Sedibeng District, over 80% (1,728km<sup>2</sup>), followed by Lesedi at (1,489 km<sup>2</sup>) and Emfuleni at (968 km<sup>2</sup>).

SDM total size of geographical area (km<sup>2</sup>)

Sedibeng District Municipality	Emfuleni Local Municipality	Midvaal Local Municipality	Lesedi Local Municipality
4,185 km <sup>2</sup>	968 km <sup>2</sup>	1,728 km <sup>2</sup>	1,489 km <sup>2</sup>



Source: Municipal Demarcation Board

The district is surrounded by the following municipalities;

- City of Johannesburg to the North;



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- Ekurhuleni (East Rand) to the North-East;
- Gert Sibande (Mpumalanga) to the East;
- Metsimaholo Local Municipality to the North of Free State
- West Rand to the North West

The eastern areas of the district are mainly agricultural or rural. The main urban areas are Vereeniging and Vanderbijlpark, as well as the Evaton / Sebokeng residential complex, are concentrated in the western part of the district, in Emfuleni. Smaller urban concentrations are found in Meyerton, in Midvaal, and in Heidelberg / Ratanda in Lesedi.

**The Vaal River** on the southern border of Sedibeng constitutes one of the most important sources of water in South Africa. Water from the river meets the residential, industrial and agricultural needs for much of Gauteng.

The Vaal River is also a key supplier of other tributaries located in Mpumalanga, the Free State, North West and the Northern Cape. Construction of the Vaal Dam was completed in 1938 but its capacity was later extended during the 1950s.

**The tourism** town of Vaal Marina is located on the banks of the dam in the Midvaal Local Municipality. Development of irrigation farming, tourism and agro-processing industries are of central importance to Sedibeng, especially in the Midvaal and Lesedi municipal areas.

- **Promote and develop the Tourism Sector**

The Sedibeng District Municipality has embarked upon a major drive to promote and develop the Tourism Industry in the region as a direct result of the decline in economic activity in the Steel and related sectors of the region. Special emphasis is on the development of township tourism.

- **Tourism Potential**

The Sedibeng region, with its diverse tourism offerings, embedded in rich cultural and natural heritage products, has the potential to grow into a major tourism destination. Sedibeng district has been classified as an area with above average tourism potential. In August 2013, the Sedibeng District Municipality has coordinated the establishment of a Regional Tourism Organisation, with Public, Private and Community Stakeholders. The objective of this company is to promote and develop the Sedibeng Region as the destination of choice for domestic and international tourists, through various coordinated marketing initiatives, such as promoting Vaal River City as a brand and encouraging the hosting of unique integrated events..

The Sedibeng District Municipality, as the majority shareholder, widely solicited applications for the nomination of the Board of Directors for the Company. The Board has met three times during the year:

The Chairperson (Adv. G Malindi (SC), Deputy Chairperson (Ms. R Anderson) and Financial Director (Mr. P Sechemane) were elected at the Company's first Board Meeting held on 18 September 2015.



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A strategic session of the Board of Directors was held on 6 May 2016 to properly consider all plans and future projects of the Company. The Second Board Meeting of the Company was held on 20 May 2016. At this meeting the following was resolved:

- That Mr. Mbongo is appointed as the Acting Chief Operations Officer.
- That Adv. S Maloka will act as Company Secretary
- An implementation plan for projects of the Company was developed.

An audit on Tourism Infrastructure in the region was conducted and submitted to the Emfuleni Tourism Routes Working Committee for the consideration in the planning of tourism routes and the maintenance of the infrastructure.

## **HOUSING, SERVICES AND INFRASTRUCTURE**

Municipalities in Sedibeng had the highest share of households living in formal dwellings across Gauteng Lesedi at 90%, Emfuleni at 88% and Midvaal at 85%. Brick or concrete structures built on separate stands comprised the dominant share of formal housing in Sedibeng, and all three municipalities fell above the Gauteng average of 69% for this dwelling type.

The dominant household tenure type in Emfuleni and Midvaal were owned properties that were paid off in full. However, it is worth noting that the 2013 QoL Survey found 31% of respondents living in 'a free RDP house', which is far higher than the Gauteng average of 14%, Emfuleni at 18%, and Midvaal at 12%. Although providing formal housing is a challenge across the province, government appears to have been more successful at meeting housing demands in Sedibeng than elsewhere in the province. This was probably also in part due to lower rates of in-migration.

Services and infrastructure Access to piped water 'in dwelling or in yard' was high across municipalities in Sedibeng (93% in Emfuleni, 89% in Lesedi, and 79% in Midvaal). However, compared to 2009, there was a decline in the level of access in all three municipalities, particularly in Midvaal and Lesedi where access levels fell by 8% and 7% respectively. In Emfuleni, access levels dropped by 1% between 2009 and 2013.

Households with adequate sanitation (flush, chemical or Ventilated Improved Pit (VIP) toilets) generally fell above the Gauteng average of 91%, with Emfuleni at 95% (up from 91% in 2009) and Lesedi at 95% (marginally down from 96% in 2009). However, Midvaal fell far below the average at 81%, and significantly down from 92% in 2009. A similar trend was seen for households using electricity for lighting. While the percentage of households who had access to electricity for lighting was high in Emfuleni at 95% and Lesedi at 93%, both municipalities falling above the Gauteng average of 91%, access to electricity in Midvaal was only 80%.

The majority of households in Sedibeng had their municipal refuse collected once a week (70%), but percentages fluctuated between 2009, 2011 and 2013. In Emfuleni, access to weekly refuse collection

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decreased from 89% in 2009 to 78% in 2013, in Midvaal, from 84% to 82%, and in Lesedi from 91% to 87%. Gauteng-wide results showed a decrease by 3% between 2009 and 2013.

As highlighted in the Sedibeng 2013/14 annual report, infrastructure and service backlogs exist due to migration and the disaggregation of families in more than one housing unit. Interestingly, the access to services is shown to be relatively high in Sedibeng, although declining in some years (2009 – 2013). When compared with the percentage of cross-border and internal migrants in other municipalities in Gauteng, the percentages of migrants were lower in Emfuleni, Midvaal and Lesedi. The highest number of cross-border and internal migrants reside in Westonaria and Merafong. While migration may be a contributing factor, the decrease in the access to services in Sedibeng may be more intrinsically linked with other variables, such as the increase in the number of formal dwellings.

## **POWERS AND FUNCTIONS**

The administration of a municipality must –

- be responsive to the needs of the community;
- facilitate a culture of public service and accountability amongst staff;
- take measures to prevent corruption;
- establish clear relationships, facilitate cooperation communication between it and the local community;
- give members of the local community full and accurate information about level and standard of municipal services they are entitled to receive; and
- inform the local community how the municipality is costs involved and the persons in charge.

Chapter 5 of the Local Government: Municipal Systems Act 32 of 2000, stipulates that a municipality has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitution. These functions and powers must be divided in the case of a district municipality and the local municipalities within the area of the district municipality. A district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole.

Section 84 (1) of the Local Government: Municipal Systems Act 32 of 2000, states that a district municipality has the following functions and powers:

- a) Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality.
- b) Potable water supply systems.
- c) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.



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- d) Domestic waste-water and sewage disposal systems.
- e) Solid waste disposal sites, in so far as it relates to-
  - i. the determination of a waste disposal strategy;
  - ii. the regulation of waste disposal;
  - iii. the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
- f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole. Regulation of passenger transport services.
- g) Municipal airports serving the area of the district municipality as a whole. Municipal health services.
- h) Fire fighting services serving the area of the district municipality as a whole, which includes-
  - i. planning, co-ordination and regulation of fire services;
  - ii. specialised fire fighting services such as mountain, veld and chemical fire services;
  - iii. co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
  - iv. training of fire officers.
- i) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.
- j) The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district.
- k) Promotion of local tourism for the area of the district municipality.
- l) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- m) The receipt, allocation and, if applicable, the distribution of grants made to the district municipality.
- n) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.



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## NEIGHBOURHOODS WITHIN SEDIBENG DISTRICT MUNICIPALITY

Overview of Neighbourhoods within: Sedibeng District Municipality			
Settlement Type	Households	Population	Formal Dwellings'
Towns	220,545		
Vereeniging			
Vanderbijlpark			
Meyerton			
Heidelberg			
Subtotal			
Townships			
Evaton			
Sebokeng			
Sharpeville			
Bophelong			
Boipatong			
Rathanda			
Sicelo			
Subtotal	220,545	916 484	%
Rural Settlements			
Farms	4711		
Commercial	2569		
Parks and Recreation	120		
Collective living Quarters	4906		
Industrial	1139		

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Overview of Neighbourhoods within: Sedibeng District Municipality			
Settlement Type	Households	Population	Formal Dwellings'
Small Holdings	17003		
Vacant	1185		
Subtotal	31633		
Informal Settlements			
Shacks	26 524		
Subtotal	26 524		
<b>Total</b>	<b>278 702</b>	<b>916 484</b>	<b>%</b>

STATS SA 2012

Natural Resources	
Major Natural Resource	Relevance to Community
Vaal River System	Water supply, Tourism opportunities and job creation
Land for Agriculture	Food security and Job creation
Land for Urban Development	Urban development and Human settlement

## 1.3. SERVICE DELIVERY OVERVIEW

The Sedibeng District Municipality does not provide basic service delivery and indigent services to communities, these services are provided by local municipalities. However, the Sedibeng District Municipality renders only a handful of direct services to the public.

An overview of these services is as follows:

### Provision of Basic Services

#### (1) SDM Direct Services

- The Sedibeng District Municipality renders only a handful of direct services to the public. The overview of these services are as follows:



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## ***1. Air quality Management***

This service is being incrementally expanded. Air Quality monitoring stations operated by SDM are functional. Data is also obtained from other monitoring stations that are run by National Government. The District issues licences to industries and as soon as tariffs are set for these licences, the income generated could be used for improved monitoring of air quality.

## ***2. Driver Licensing Testing Centres (DLTC's)***

The service is functional. Ageing infrastructure has hampered operations and services from being delivered at an optimal level. Allegations of fraud and corruption remains a major challenge at all DLTC's. During the year under review SDM has experienced misconduct related to fraud and corruption at all DLTC centres. SDM took serious interventions to deal with all misconduct by employees, thus warning letters issues, suspensions and dismissals. While others are still under attended at external institutions, bargaining Council and in Courts.

## ***3. Motor Vehicle Registration and Licensing***

The service is fully functional and several new and innovative ideas have been proposed and implemented to improve services to the public. Some elements of the Licensing Revitalization Plan are well underway, for instance extending licensing services to township areas.

## ***4. Public Halls (Vereeniging City Hall)***

The Vereeniging City Hall remains the most cost-effective public hall in the District and is fully utilised by the public for a variety of events and functions. The comparative low rates charged for the hire of the City Hall, and adjoining Banqueting Hall, makes it accessible to the public, but also inhibits capital investment in the development thereof. SDM will in future enforce by-laws according to Council resolutions.

## ***5. Theatres (Mphatlalatsane Theatre and Vereeniging Civic Theatre)***

The Mphatlalatsane Theatre has become a multi-purpose facility for the Sebokeng Community. The Sedibeng District invested in emergency repairs to keep the facility functional but jointly with Emfuleni, a long-term upgrade is urgently required. The Vereeniging Civic Theatre is functional but also under-utilised by the arts community. It is also under-performing in relation to its income potential. SDM shall examine alternatives to increase revenue potential of these theatres.

## ***6. Aerodromes***

The Vereeniging Aerodrome and Heidelberg Aerodromes are fully functional. For the period under review, the Vereeniging Aerodrome has continued to improve its services and supply of fuel, general maintenance and usage that stabilised. The Heidelberg aerodrome is primarily operated by the local flying club and a pilot training school is also based at the facility. A former landing strip in



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Vanderbijlpark is still listed as an aerodrome, but is completely non-functional and needs to be deregistered. It runs alongside a residential community and is therefore unsuitable for re-establishment.

## **7. Disaster Relief**

The service is fully functional. It does however only has capacity to provide very limited, small scale, emergency relief in incidents of natural disaster and mishaps. Disaster Relief is intended for short-term interventions, however, due to a lack of relevant transfer of incidents to relevant authorities, the District is being burdened with having to provide long-term solutions (e.g. emergency sanitation at Bears Farm in Midvaal). In the event of a large scale disaster, the District will be fully dependant on the support of Provincial and National programmes.

## **8. Heritage Centres (Vaal Teknorama, Sharpeville Monument )**

The former Transport Museum in Lesedi has been decommissioned and the facility has been returned to the Lesedi Local Municipality. The Vaal Teknorama is fully functional and still attracts a steady flow of visitors (especially schools) The facility is deteriorating rapidly due to a lack of maintenance. The Sharpeville Heritage precinct is functional. Supporting maintenance by Emfuleni around the precinct (especially Constitution Walk and the Circle) must be speedily resolved. The 'handover' of the Boipatong Memorial Site to our portfolio has been delayed, and has revealed procedural weaknesses in the 'handover' process of facilities from Provincial to Local Government.

## **9. Taxi ranks**

The non-usage of the Bophelong Intermodal hub remains a pressing challenge for the Municipality. The Municipality has spent about R1m for rehabilitation of damaged and vandalised infrastructure at the facility. The SDM does maintenance and cleaning of Taxi ranks across the District. Most of these facilities are not owned by the SDM, and the overlap on infrastructure maintenance and cleansing has led to many of the taxi ranks being inadequately maintained. Progress of the redevelopment of the Vereeniging Taxido Junction has slowed down and needs to be speeded up by the Provincial Government.

## **(2) Core Support Functions**

### *1. Support to Local Municipalities*

The Sedibeng District continues to support the local municipalities, wherever possible, and is willing to avail both financial and human resources wherever possible. The shrinking Capital Budget of the District has seen diminishing support in capital projects. The 'Smart City' project being driven by the District Municipality, and the investment in fibre-optic infrastructure, is an essential support provided to local municipalities. Inter office connectivity in Emfuleni has been enhanced, and such implementation is extended to Midvaal municipality.

### *2. Facilitating Role between spheres of government*

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The Sedibeng District facilitates a number of projects that are implemented in communities. These include the NDPG (Neighbourhood Development Partnership Grant) projects, Alien Vegetation Project, Lotto Sports Facilities Development Project, Fabrication Lab Project,

### 3. Facilitating Development

This remains one of the key areas that the District plays an essential role in. Both in the areas of economic development and in social development, the District stimulates investment and facilitates development. Interventions and facilitation of developments such as Savanah City, the R82 road, the R59 corridor, The Zone of Opportunity, Barrage infill development are all examples of 'services' that the District delivers and that communities benefit from indirectly.

#### (3) PMS System and Overview of Performance

In terms of progress in the 2015/16, the Municipality has progressed very well against set deliverables and targets. The Sedibeng District Municipality planned 201 programmes and projects in the 2015/16 Financial Year, as captured in the Service Delivery and Budget Implementation Plan (SDBIP).

SDM successfully implemented 168 (81.7%) of all planned programmes/projects in the year under review. This status is demonstrated by the dashboard of its electronic Performance Management System introduced in SDM.

The 33 (18.3%) targets not met cuts across all Clusters, and reasons thereof range from budgetary constraints, capacity issues, reallocation of deliverables during the year, to non-adherence to reporting and evidence management processes. In light of these issues, the Management Committee acknowledges a serious need to closely monitor plans, resolve on corrective measures, capacitate Audit, Risk and Performance Units, and set Compliance Management Unit in each Cluster.

A table below summarises the total performance of the municipality in the 2015/16 financial year.

The full Summary of Performance targets for each Cluster is as follows:

Office/Cluster	Total Target	Targets Met	% Target Met	Targets Not Met	% Targets Not Met
Office of the Executive Mayor	7	5	71%	2	29%
Office of the Chief Whip	8	6	75%	2	25%
Office of the Speaker	5	3	60%	2	40%
Office of the Municipal	22	21	95%	1	5%



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Office/Cluster	Total Target	Targets Met	% Target Met	Targets Not Met	% Targets Not Met
Manager					
Finance	31	28	90%	3	10%
Corporate Services	24	16	66%	8	40%
Community Services	32	29	91%	3	9%
Transport, Infrastructure & Environment & Licensing	34	25	74%	9	26%
Strategic Planning & Economic Development	38	35	92%	3	8%
<b>TOTAL</b>	<b>201</b>	<b>168</b>	<b>81.7%</b>	<b>33</b>	<b>18.3%</b>

## (4) Sedibeng 10 Key Flagship Projects and Provincial Priority

No.	FLAGSHIP PROJECT	KEY MILESTONES
1.	<b>Sedibeng Development Agency</b>	<ul style="list-style-type: none"> <li>• Market Sedibeng as a pre-eminent destination of choice for Investment</li> <li>• Facilitate Investment for the Region</li> <li>• Brand and Profile strategic Catalytic Projects to unleash economic development for Sedibeng</li> <li>• Reducing Cost of doing business in Sedibeng and fast track development and re-zoning application</li> <li>• Manage and maintain Strategic Partnerships with other spheres of Government and Private Sector/ Investors</li> </ul>
2.	<b>Vaal Freight and Logistics Hub</b>	<ul style="list-style-type: none"> <li>• Establish a Special Economic Zone to attract investment into the designated AREA</li> <li>• Increase competitive and comparative advantage Sedibeng (Vaal) has in freight forwarding, transfer, handling and warehousing with ease of travelling</li> </ul>



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No.	FLAGSHIP PROJECT	KEY MILESTONES
		<ul style="list-style-type: none"> <li>• Direct link to Container depot- Vaal Container Depot</li> <li>• Create new Infrastructure suitable for handling export orientated production (Iron and Steel)</li> <li>• Revive rail mode for local heavy Engineering, Iron and Steel, and Metal industries for manufacturing</li> </ul>
3.	<b>Comprehensive Rural Development Project: Sedibeng Maize Triangle Project</b>	<ul style="list-style-type: none"> <li>• Sustainable Agricultural development</li> <li>• Improve production processes in the Agricultural sector</li> <li>• Increase agricultural productivity by improving our Fresh Produce Market and other small markets, private sector investment, physical infrastructure, human capital, demand driven research &amp; extension services;</li> <li>• To come with our own regional integrated and comprehensive rural development strategy, to strengthen the linkages with other sector strategies/improve coordination/and set implementation priorities;</li> <li>• Create Jobs and sustainable livelihoods</li> <li>• Improve access to markets for rural/ Agricultural production</li> </ul>
3B	<b>Agricultural Cooperatives</b>	<ul style="list-style-type: none"> <li>• To formulate plans that will bring sustainable developments in the rural areas;</li> <li>• To come with or support national/provincial fundamental structural reforms to ensure macroeconomic stability and improve market efficiency;</li> <li>• To increase agricultural productivity by improving our Fresh Produce Market and other small markets, private sector investment, physical infrastructure, human capital, demand driven research &amp; extension services;</li> <li>• To come with our own regional integrated and comprehensive rural development strategy, to strengthen the linkages with other sector strategies/improve coordination/and set implementation priorities;</li> <li>• To reduce the rate of youth unemployment in our rural areas</li> </ul>

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No.	FLAGSHIP PROJECT	KEY MILESTONES
		reducing household vulnerability to risk associated with climate and environmental change, as well as fluctuating market prices of agricultural products;
4.	<b>Establishment of a River City Metropolitan Municipality</b>	<ul style="list-style-type: none"> <li>• Management of Municipal Demarcation Board processes towards the establishment of the Metropolitan Municipality</li> <li>• Establishment of a Multi-disciplinary Task Team to manage the transitional process</li> <li>• Empowerment of IGR structures through legislation to enforce their decisions through Councils</li> <li>• Management of decisions with potential impact on the region by a regional IGR structure e.g. Joint Political Management Teams' (PMT) Forum</li> <li>• Conduct due processes for all municipal functions, e.g. ring fencing of all water and sanitation functions</li> <li>• Place moratorium on internal restructuring processes rather encourage inter-municipal assistance and deployment of resources</li> <li>• Facilitate inter-departmental, inter-municipal and discussion networks on metropolitan governance and integrated approach to service delivery</li> </ul>
5.	<b>Fibre Optic Connectivity and Rollout</b>	<ul style="list-style-type: none"> <li>• To create a safe environment for the citizens of the District through the expansion of the CCTV project as part of the Fibre footprint being installed.</li> <li>• Connectivity to all of councils buildings to ensure access to systems and solutions to provide a better service to our citizens;</li> <li>• To improve service delivery by providing high quality ICT services through e-government;</li> <li>• To build the network infrastructure and information super-highway to encourage the development of an advanced workforce with better ICT silks;</li> <li>• To ultimately enhance economic productivity through ICT</li> </ul>



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No.	FLAGSHIP PROJECT	KEY MILESTONES
		<p>infrastructure development in order to lower the cost of doing business and increase connectivity for companies especially SMMEs;</p> <ul style="list-style-type: none"> <li>• To increase the ICT skills capacity within the public and the private sectors to create a pool of ICT practitioners and entrepreneurs;</li> <li>• To build an economic and industrial sector with a focus on ICT;</li> <li>• To ensure that innovation becomes part of the economic network in Gauteng Province in relation to ICT;</li> <li>• To assist with opportunities to create employment in the ICT sector;</li> <li>• To create a safe environment for the citizens of the District through the expansion of the CCTV project as part of the Fibre footprint being installed.</li> </ul>
6.	<b>Heritage Commemorative Events</b>	<ul style="list-style-type: none"> <li>• Commemoration of National Days:</li> <li>• Heritage Month, Human Rights Month, 3rd Sept. Vaal Uprising, Signing of the S.A. Constitution, Signing of the Peace Treaty, Zone 7 Night Vigil Massacre, Boipatong Massacre and Sports, Arts and Cultural Programmes</li> </ul>
7.	<b>Sedibeng Regional Sanitation Scheme</b>	<ul style="list-style-type: none"> <li>• Medium Term - Capacity expansion for Sebokeng by 100Ml/day Meyerton 10Ml/day; Bulk reticulation refurbishment</li> <li>• Long term - Construction of totally new infrastructure as follows: <ul style="list-style-type: none"> <li>- New waste water treatment Plant for 147ml/dal</li> <li>- Linking outfall sewer</li> <li>- Super Pump-station</li> </ul> </li> </ul>
8.	<b>Alternative Energy Generation</b>	<ul style="list-style-type: none"> <li>• Installations of Solar Geysers</li> <li>• Exploring alternative sources of 'Green Energy'</li> </ul>



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No.	FLAGSHIP PROJECT	KEY MILESTONES
9.	<b>Implementation of the Transport Model such as BRT</b>	<ul style="list-style-type: none"> <li>The project's feasibility will be dissected into phases, the Bus Rapid Transport, the Intercity (inter-municipal) Bus Transport, the Intercity (inter-municipal) Speed Train. Experiences and best practices will be sourced from the Johannesburg Metro and the GDRT.</li> <li>The feasibility of these projects is depended on the land use plan, the spatial development framework, and the local economic development plan. That is, the development of these plans must ensure that the framework and foundations are laid for the above integrated public transport system to be feasible.</li> </ul>
10.	<b>Vaal 21</b>	<ul style="list-style-type: none"> <li>Consolidating the Vaal 21 Brand</li> <li>Development of the Riverfront</li> <li>Cross-Border cooperation with FezileDabi on developments on both banks of the Vaal River</li> </ul>

The following projects will be undertaken in collaboration with the Gauteng Provincial Government.

Programme		Coordinator	Description
1.	Building New Cities	GPD	Vaal River City (Hydropolis)
			Checking potential of waterfront developments of Emfuleni & Midvaal areas
			Gauteng Highlands 20km south of Johannesburg situation between R59 and old Vereeniging road
2.	Agritropolis	GDARD	Savannah City, new Node provision
			To unlock the agricultural potential of Sedibeng region to serves as Gauteng food basket
			Upgrade of the facilities of the Vereeniging Market interventions to restore and upgrade market facilities to provide enhanced services
			Agri-processing facilities and related

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Programme		Coordinator	Description
			<p>infrastructure identification of planning for and delivery of requisite facilities and infrastructure.</p> <p>Upgrade road and rail links to improve connectivity planning for and implementation of identified roads and rail connections</p>
3.	Mega sustainable human settlements (approximately 15 000 units per identified node)	GDHS	<p>To develop nodes at;</p> <ul style="list-style-type: none"> <li>Boiketlong, Evaton, Golden Highway, Vereeniging, Savannah City, R59 Corridor, Ratanda</li> </ul>
4.	Freight and Logistics	GDRT	Vaal Logistics hub
5.	Sedibeng Regional Sanitation Scheme	COGTA	Sebokeng & Meyerton interim upgrades to existing WWTW
6.	Gauteng e-connect	GDF	Sedibeng connectivity project
7.	Liberation, Struggle and Heritage Routes	DSARC	Boipatong – new project to be identified to link to struggles and heritage routes
8.	Gauteng energy strategy	GDED	Sedibeng waste to energy project
9.	Building New Cities	GPD	Vaal River City (Hydropolis)
			Checking potential of waterfront developments of Emfuleni & Midvaal areas
			Gauteng Highlands 20km south of Johannesburg situation between R59 and old Vereeniging road
10.	Agritropolis	GDARD	Savannah City
			<p>To unlock the agricultural potential of Sedibeng region to serve as Gauteng food basket</p> <p>Upgrade of the facilities of the Vereeniging Market interventions to restore and upgrade</p>

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Programme		Coordinator	Description
			market facilities to provide enhanced services
			Agri-processing facilities and related infrastructure identification of planning for and delivery of requisite facilities and infrastructure.
			Upgrade road and rail links to improve connectivity planning for and implementation of identified roads and rail connections
11.	Mega sustainable human settlements (approximately 15 000 units per identified node)	GDHS	To develop nodes at: Boiketlong; Evaton; Golden Highway; Vereeniging; Savannah City; R59 Corridor; Ratanda
12.	Freight and Logistics Hub	GDRT	Vaal Logistics hub
13.	Sedibeng Regional Sanitation Scheme	COGTA	Sebokeng & Meyerton interim upgrades to existing WWTW
14.	Gauteng e-connect	GDF	Sedibeng connectivity project
15.	Liberation, Struggle and Heritage Routes	DSARC	Boipatong – new project to be identified to link to struggles and heritage routes
16.	Gauteng Energy Strategy	GDED	Sedibeng waste to energy project



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## 1.4. FINANCIAL HEALTH OVERVIEW

### SDM FINANCIAL HEALTH

While the Sedibeng District remains viable, the tight financial position of the Municipality cannot be underestimated. The gap between the increase in equitable share and the actual increase in the cost of operating the Municipality (2.4% versus an actual cost of 8%) is annually reducing the capacity of the municipality at an average rate of 5% of its total budget. In real terms, we have approximately R20m less to spend every year for the same operations.

Over the last few years the capital budget has been squeezed out to a negligible amount. Now operations are being squeezed with maintenance taking the biggest hit. Without a Cost Reduction Strategy and the Cost Containment Programme in place, the Municipality will be rendered unsustainable.

The concerns raised by the Auditor-General over the 'going concern' is a valid concern that must be addressed. Stringent restrictions in non-essential expenditure must be maintained. Expenditure on travel, conferences etc. should also be approved on a prioritised and selective basis. The salary budget remains excessive in relation to the services and functions of the municipality. Local municipalities should consider drawing staff from the District to fill vacancies as this will benefit both municipalities. The municipality can also do much better in increasing revenue at the Fresh Produce Market, aerodromes, theatres, halls, licensing centres (only a portion of which is retained by the District) etc.

One of the key challenges in the year under review has been to sustain the 'Clean Audit' that was achieved in the previous three financial years (2012/2013), (2013/2014), and (2014/15).

The financial model for the District Municipality dictates that the institutional structure needs to be continuously shrunk to ensure on-going viability. The moratorium on the filling of vacancies has continued and this has led to several areas of strain.

#### Financial Challenges and Interventions:

- Employee cost % to operational expenditure is higher than the norm set by National Treasury;
- Salary percentage increase of anticipated 7% is higher than the increase in equitable share (RSC replacement levy) of 2.60%;
- Repair and Maintenance levels less than 8% of operating expenditure;
- Operational expenditure need to be reduced on a year to year basis to remain with a funded budget in line with Cost Containment Strategy;
- Dependent on grant funding for Capital projects;

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- MANCO have made conscientious efforts to implement austerity measures with the aim of preserving revenue and reducing Operational budget:
- Cost Reduction Strategy:
  - Structure Shrinking
  - Pre-approved overtime only
  - Reduction on “nice to haves”
  - Value for money in Supply Chain.
- In addition to the internal controls implemented, SDM have also played a coordinating role in the following District-wide interventions:
  - Developing long-term financial plan;
  - Roll-out of phase 2 of tariff-model (MLM & LLM);
  - Integrated SCM model
- Turnaround of Fresh Produce Market is long outstanding.
- Maximising funding from Government and non-government programmes.

## FINANCIAL OVERVIEW

The municipality had closed the financial year 2015/2016 on a deficit of R45,2 million. This is an indication of decline in financial performance as in the prior financial year, the municipality had closed on a lesser deficit of R5,5 million.

The resulting impact of this deficit on the financial health of the municipality is a decline in Net Assets from R93 million in 2014/2015 to R 48 million for 2015/2016.

During the course of the reporting financial year, the municipality introduced new (and reinforced previous) measures to mitigate the deterioration of the municipality’s financial health. These included an adjustment budget approach which took into account the following principles:-

- Aligning the adjustment budget with Councils mid-term report;
- Elimination of all luxury and non-priority items;
- Performing programs in-house first with limited use of consultants;
- Placement of moratorium on non-critical vacancy, and on controllable salary line items such as acting, overtime and car allowance;



# Chapter 1

- Planned reduction of costs on attendance of Congresses and Meetings and Subsistence and Travel where priority must be placed on the use of Council owned vehicles.

Furthermore, the following specific issues were identified in line with those measures above:-

- Revision overtime expenditure and compensation;
- Revision of the magnitude of investment required to conclude the Disaster Recovery Plan and the Business Continuity Plan;
- Revision of expenditure related to ad-hoc security for events and extra-ordinary circumstances;
- Conducting a comparison between grant allocation promulgated on the EPWP programmes registered;
- Revision of expenditure on office refreshments and catering;
- Exploration of feasibility of recouping legal expenses incurred during the Municipal Demarcation Board process;
- Revision of level of expenditure on council-owned building maintenance;
- The impact recent Rand / US Dollar exchange rate spikes have had on Council's buying power and spend ability;
- Revision of the efficiency and effectiveness of current newspaper & periodicals delivery methodology employed;
- Monitoring delivery against targets on fleet leasing contract;
- Revision of cellphone reimbursive allowances allocated to operational staff.

However, these measures could not fully reverse the weakening financial position of the municipality in a limited space of five months, which are evident in the financial ratios detailed in Chapter 5. Critical areas of the municipality's financial sustainability to take note of are the worsening of liquidity (the municipality's cash-coverage could not maintain a period of 3 months), the inability to generate surpluses which would contribute towards capital funding requirements, and a decline in the ability to grow revenue. The impact that these factors have had on the municipality's financial health is that the municipality had contributed significantly less than the industry norm towards capital investment and insufficient monies were spent on repairs and maintenance which may increase impairment of useful assets in future years.



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Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	262738000	262738452	258610416
Taxes, Levies and tariffs	12825175	11522669	10696794
Other	84202825	87592030	74839570
Sub Total	359766000	361853151	344146780
Less: Expenditure	359641006	375331841	389373547
Net Total*	124994	-13478690	-45226767

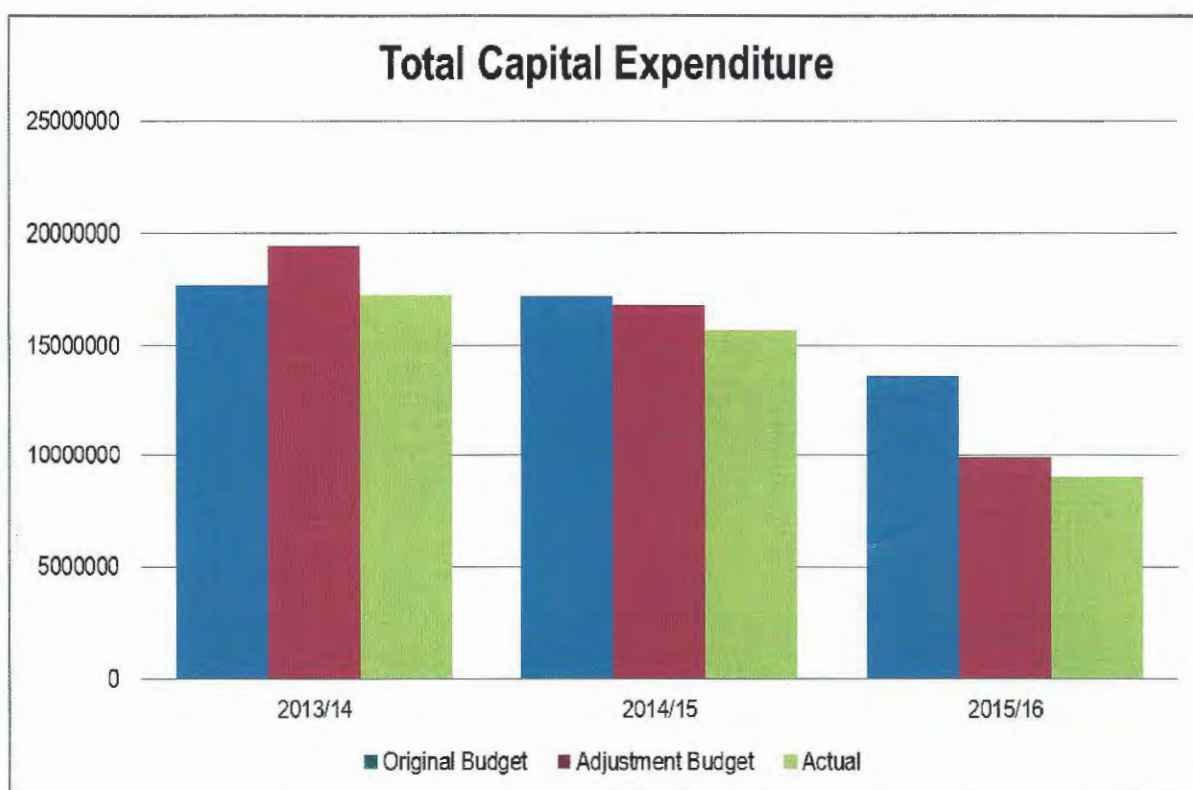
Operating Ratios	
Detail	%
Employee Cost	62%
Repairs & Maintenance	1%
Finance Charges & Impairment	0%

## COMMENT ON OPERATING RATIOS:

Employee costs exceeded the budget allocation by 4% due to excesses on controllable salary line items such as acting, overtime and car allowances. Repairs & maintenance exceeded the budget allocation by 8% due to increased strain placed on the aging municipal infrastructure and the municipality consistently under-funding planned maintenance in recent financial years. There was a significant variance in finance charges & impairment costs as the municipality did not make adequate budgetary provision for these costs.

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	2013/14	2014/15	2015/16
Original Budget	17702113	17237736	13616000
Adjustment Budget	19488278	16808436	9950741
Actual	17245228	15675570	9033475

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## COMMENT ON CAPITAL EXPENDITURE:

R13,616,000 was approved in the original budget for capital expenditure which was subsequently revised to R9,950,741 during the adjustment budget process. Council expended a total of R8,882,668 of the allocation for capital expenditure which equated to 89% of the budget allocation.

The variance of 11% on the CAPEX can be attributed to savings on the Air Quality Monitoring Station capital project and, savings on the purchases of computer and printers for the municipality by Corporate Services – Information Technology budget.

Further substantial variances were generated through not proceeding with the planned project of installing Constant Current Regulators for the purpose of airfield lights control at the Vaal Aerodrome, and reduction in Council's own expenditure on planned projects for the Fresh Produce Market through the aid provided by Gauteng Provincial Agriculture & Rural Development (GDARD)'s "Project Rebirth" initiatives.



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## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

*The Municipal Systems Act, MSA 2000 S67, requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.*

In order to comply with the prescripts of the Municipal Systems Act No. 32 of 2000 the following strategic interventions, amongst others, have been invoked to ensure fair; efficient; effective; and transparent personnel administration:

- Establishment of the Local Labour Forum (where Management and Organised Labour engage vigorously on matters relating to Conditions of Employment for employees) which is fully functional irrespective of the teething challenges experienced with the new office bearers who are being retrained and trained, and exposed to the Organizational Requirements Agreement procedures. No Labour unrests were experienced during the year under review. Harmonious labour relations are being pursued to ensure productivity and motivated employees and stable workplace.
- A number of workforce policies that forms part of the Human Resources Strategy were compiled and reviewed during the period under review and are to be tabled for adoption by Council after the Council members are work shopped on the policies. The policies provide Management with strategic decision making and meeting the organization's strategic objectives.
- An Employment Equity Central Committee and its sub-committees were established during the period under review to ensure compliance to the provisions of the Employment Equity Act and transformation of the organization in line with the National Employment Equity Requirements.
- Skills development and capacity building training initiatives were prioritized as a strategic thrust undertaken in the whole organization based on Personal Development Plans and National Treasury competency requirements. The effective and efficient Human Resource Management and Development allowed us to identify and report on all HR matters which could have an effect on financials, performance management and compliance with rules and regulations. Sedibeng District Municipality has managed to become a Learning Organization with skills and capacity to earn us a clean audit due to our dedication and commitment to Human Resource Management and Human Resource Development.

### **Organisational Development Performance**

All top senior executive management positions are filled, but one vacancy, i.e. a position of Executive Director: Strategic Planning and Economic Development). Council appointed an acting person in this post since 08 July 2013. The post will however be advertised and filled in due course.



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The overall turnover rate is influenced by the transitional measures in relation to the moratorium on filling of vacancies and wayward intentions of moving towards the Metropolitan municipality.

Road shows on Occupational health and Safety were done to educate and make employees aware about Health and Safety measures in the workplace. An Occupational Health and Safety Officer monitors all instances of injuries on duty and makes follow up on all Occupational Health and Safety incidents within the Municipality and submits reports on progress.

A proper record is kept for all types of leave instances and an amount of time taken each year is recorded as per Human Resources Dashboard. There were no suspensions of more than 4 months for the period under review.

The Workplace Skill Plan (WSP) for the year under review has been submitted after proper consultation all stakeholders within the Municipality. The WSP was populated based on the individual Personal Development Plans (PDP) of employees and training/development will be carried out on the basis of these. Most Senior Managers are currently attending the Competency Requirements course as determined by the Municipal Finance Management Act (MFMA).

Challenges faced by the Municipality on Capacity Development are to some extent the unavailability or insufficient funds to finance developmental training and capacity building for career-pathing of employees within Municipality. The local Government SETA has delayed payment for the past two years and is being addressed at the South African Revenue Services.

No posts were upgraded and Council is in the process of completing compilation of Job Descriptions aligned to the Service Delivery Budget Implementation Plan with the intention of evaluating the Job Descriptions on the TASK system.

## 1.6. AUDITOR GENERAL REPORT

### Audit Outcomes (Past 3 Years)

Auditor-General opinion of financial statements for the years 2012/2013, 2013/2014, and 2014/15 was 'Unqualified with no matters of emphases, also known as 'Clean Audit'. For the year 2015/16 still 'Unqualified' audit opinion, sadly with matters of emphases.

The fact that the Sedibeng District has sustained 'Clean Audit' for the three years in succession is commendable. There is no 'special formula' for achieving this target other than ticking all the right boxes. Although the current outcomes, it is however still worth sharing the following good practices that have helped to achieve historical unqualified audit opinion:

1. Executive Mayors play a key role in achieving Clean Audits by eliminating 'interference' in the Administration and affording professional courtesy to the administration. In return, Accounting Officers must be alive to political imperatives and strive to implement these in a fully compliant

# Chapter 1

manner. A sound Political-Administrative interface is a hallmark of 'Clean Audits'. The Executive Mayor and the Accounting Officer must set the tone in this regard.

2. Ensure compliance with laws and regulations. Sect 71, 72 and 54 reports submitted timeously.
3. Reconciliations on all Statement of Financial position votes are performed on a monthly basis.
4. Bank reconciliations are done within 4 working days after the end of each month.
5. Creditors are paid twice a month in order to adhere to MFMA requirements of payment of creditors within 30 days.
6. Do an Annual Policy Review to incorporate any changes in legislation. The environment changes very quickly in this regard.
7. Stay abreast about any changes within the GRAP standards and implement changes timeously.
8. Take an ultra-conservative approach to deviations from supply chain procedures. Only in extreme cases and when fully justifiable, should deviations be accepted. Even then, keep all evidence. Emails, text messages, photo's etc. must be demanded to support the deviation.
9. Be mindful of doing business with people who are in the employ of the state. Some grey areas do exist in the legislation so err on the side of caution.
10. Ensure that time is spend with the Audit Team to explain the Performance Management system your municipality is implementing before the auditing process begins. Systems differ widely and a sound understanding is needed before an audit can be made on consistency and usability.

## 1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	



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4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	December
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	February
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March

## THE ANNUAL REPORT PROCESS:

The Integrated Development Planning and Performance Management Units were integrated to operationalize planning and organisation performance. The electronic Performance Management System ensures total alignment of organisational planning through reporting to the evaluation of performance. SDM performance is managed at individual and organisational levels. All managers uploaded their performance reports and evidence against set targets and milestones, onto the system as

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per the Service Delivery and Budget Implementation Plan (SDBIP). All reporting timelines, quarterly reports, mid-year report and annual report followed legislative requirements.

The Annual Performance Report was consolidated from the four quarterly reports as uploaded onto the system by respective managers. All Clusters made inputs into the draft Annual Report by populating their relevant sections guided by the Annual Report Template, as prescribed by MFMA Circular No. 63 Municipal Finance Management Act No. 56 of 2003. The draft Annual Report with the Annual Performance Report and the unaudited Financial Statements were presented at the Audit Committee meeting, before being submitted to Council and Auditor General in August.

The Sedibeng District Municipality shall invite the public and all stakeholders to submit their inputs on the draft Annual Report through public notices and SDM website. The Annual Report shall be distributed to all government offices in the region for accessibility. Municipal Public Accounts Committee will also receive the approved annual report to provide an oversight. These above processes shall be completed between August 2016 and February 2017.

It is worth noting the incompatibility of Circular No. 63 Municipal Finance Management Act No. 56 of 2003 and other stipulations of the Municipal Finance Management Act No. 56 of 2003 on the Annual Report. SDM takes an opinion that scraping this circular is the only option to address the legislative impasse.



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## CHAPTER 2 – GOVERNANCE

### 2.1 POLITICAL GOVERNANCE

#### INTRODUCTION TO GOVERNANCE

The relationship of all laws in local government is regulated by the Constitution of the Republic of South Africa (118 of 1996) and relevant legislation governing local government, namely:

- The Local Government: Municipal Structures Act, 117 of 1998.
- The Local Government: Municipal Systems Act, 32 of 2000
- The Local Government: Municipal Finance Management Act, 56 of 2003
- The Local Government: Municipal Electoral Act, 27 of 2000
- The Local Government: Municipal Demarcation Act, 27 of 1998
- The Local Government: Municipal Property Rates Act, 6 of 2000

It is important to note that the SDM is mindful of the fact that it does not exist in isolation of the other spheres of government. Pursuant thereto it has adopted an Inter-Governmental Relations Framework and Policy. SDM further established various IGR structures such as Joint Mayors Forum Joint CFO's Forum, etc. It further participates in structures beyond its borders, such as the Premier's Coordinating Forum and MEC/MMC Fora.

Through these structures alluded to above, SDM embarked on outreach campaigns and programmes to achieve its mandate and objectives. These activities focused on ensuring public accountability and participation in government. In the ensuing discussion reference will be made to mechanisms that the SDM has employed in this regard

#### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Sedibeng District Municipality as a statutory body is a creature of the above mentioned legislation and therefore is bound by its dictates. Pursuant thereto it comprises of Political and Administration arms. The political arm is made up of politicians whilst the administration one is of officials. The administration accounts to the political segment of the municipality.

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The Political segment of the municipality comprises of a Council (made up of 48 Councillors) and a Mayoral Committee (made up of 8 Councillors). The Chairperson of the Council is the Speaker whilst that of the Mayoral Committee is the Executive Mayor. The responsibility for the management of code of conduct of Councillors rests with the Chief Whip. This ensures harmonious relationships within Council. All Councillors as politicians provide a bridge through which needs of communities and various stakeholders are channeled into the Council for consideration. The Executive Mayor takes full responsibilities for the execution of all policies and resolutions of the Council.

On the other hand the Administration is headed by the Municipal Manager who is supported by the Chief Operations Officer, Chief Financial Officer and Executive Directors. All other officials report to afore mentioned top management.

In order to ensure accountability SDM has established Municipal Public Accounts Committee (MPAC) and Audit Committee (including Performance and Risk Management), as two of 5 structures that exercise oversight over Council and its Committees. They also ensure good governance within the municipality, wherein issues of compliance are considered paramount.

## POLITICAL STRUCTURE

### **Executive Mayor**

(Honourable Councillor Busisiwe Modisakeng)

### **Speaker**

(Councillor Greta Hlongwane)

### **Chief Whip**

(Councillor Assistance Mshudulu)

### **Mayoral Committee/ Executive Committee**

Councillor M.Gumba

Councillor S. Maphalla

Councillor P.B. Tsotetsi

Councillor Y. Mohamed

Councillor Z. Raikane

Councillor M. Ronyuza

Councillor V. Mcera

Councillor K. Malindi



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## **COUNCILLORS**

Sedibeng District Municipality (SDM) consists of 19 directly elected proportional representatives and 29 seconded Councillors from local municipalities. In this current term, SDM consist of 48 Councillors arranged as follows: 19 proportional representatives and 29 seconded Councillors (23 Emfuleni LM, 3 Midvaal LM and 3 Lesedi LM). Political representation is thus 14 Democratic Alliance, 2 Pan African Congress and 32 African National Congress.

Refer to Appendix A where a full list of Councillors can be found (including committee allocations and attendance at council meetings).

The following Committees of Council, established as per Section 33 of the Local Government: Municipal Structures Act, 117 of 1998:

- Elections Committee
- Ethics Committee
- Rules Committee
- Gender Committee
- Municipal Public Accounts Committee
- Petitions Management Committee

## **POLITICAL DECISION-TAKING**

The Administration develops report based on requests from Councillors, communities, individuals, and various stakeholders. These reports are then submitted firstly to various committees of council such as the committees established under Section 80 of the Local Government: Municipal Structures Act, 1117 of 998 (as amended). These Committees, after extensive consideration of these reports recommend to Mayoral Committee for decision. It sometimes happens that Councillors submit motions for considerations by full Council.

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## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The administrative arm of the Municipality is headed by the Municipal Manager as the Accounting Officer. The Accounting Officer in fulfilling his responsibilities is assisted by six Senior Managers directly accounting to the position of the Municipal Manager. In order to assure alignment of duties with the political management team, all 3 Directors in political offices are incorporated into the management committee, thus forming a strong team of 10 Management Committee (MANCO):

POSITION	NAME
Municipal Manager	Mr T.L Mkaza (Acting)
Chief Operations Officer	Mr T.L Mkaza
Chief Financial Officer	Mr C. Steyn (Acting)
Executive Director: Corporate Services	Mr M. Makhutle (Acting)
Executive Director: Community Services	Mrs M. Mazibuko
Executive Director: Strategic Planning and Economic Development	Mr R. Netshivhale (Acting)
Executive Director: Transport, Infrastructure And Environment	Mr S. Manele
Director: Office of the Executive Mayor	Mr Z Majola
Director: Office of the Speaker	Mr T Mokoena
Director: Office of the Chief Whip	Mr J. Tsoho

### COMPONENT B: INTERGOVERNMENTAL RELATIONS

#### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Sedibeng District Municipality participate in National and Provincial IGR structures, thus to keep alignment of plans and mandates in place. SDM also established organised structures to facilitate its own programmes and projects through Inter-Governmental Relations. The District has a fully functional IGR Unit coordinating data from these various Forums. In the year under review SDM undertook international visits to benchmark the region and other global governments.



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## **2.3 INTERGOVERNMENTAL RELATIONS**

SDM participated in various IGR Structures organized by various establishments, namely: the South African Local Government Association (Working Groups and Functional Areas), National Anti-Fraud & Corruption IGR Forum, Gauteng Speakers' Forum, Premier Coordinating Forum. These engagements gave a significant learning, growth and development for our officials, both at strategic and operational levels.

SDM hosted SALGA and various municipalities in and outside Gauteng, who came to benchmark on our best practices. For instance, management of our Political and Administrative relations, Organisational Structure, Performance Management, and Public Accounts approaches.

### **NATIONAL INTERGOVERNMENTAL STRUCTURES**

The Sedibeng District Municipality actively participates in various key forums at a national level. The key ones are the South African Local Government Association (SALGA) and the National Anti - Fraud & Corruption IGR Forum. In SALGA, the Directorate of Community Safety represents SDM at the Civilian Secretariat for Police Working Group and Plenary Forums. These platforms are responsible for policy development and reviews related to the Community Policing Forums, Community Safety Forums, Green Paper on Policing, Rural Safety, etc.

Participation at this level enables the Municipality to expand and further build its strategic networks, with further impact positively in terms of acquisition of best models for the benefit communities within Sedibeng. Such learning attained from such forums assist the Municipality during its policies and procedures undertaken mainly on annual basis.

### **PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

SDM also participates in various structures at Provincial level, namely the Gauteng Intergovernmental safety Coordinating Committee, MEC/Mayoral Committee Forum, Gauteng Speaker Forum, Premiers

Coordinating Forum, and SALGA Working Groups & Functional Areas. SDM is fully represented by the relevant Clusters and members of the Political Management Team. Their participation and continuous feedback keep the municipality informed of current issues related to amendments in legislation and new developments in municipal management and strategies.

### **RELATIONSHIPS WITH MUNICIPAL ENTITIES**

SDM established and registered an entity, a state owned company called Vaal River City Promotion Company. The objective of the Vaal River City Tourism Promotion Company (SOC) is to promote and develop the Sedibeng Region as the destination of choice for domestic and international tourists,

# Chapter 2

through various coordinated marketing initiatives, such as promoting Vaal River City as a brand and encouraging the hosting of unique integrated events.

## **DISTRICT INTERGOVERNMENTAL STRUCTURES**

SDM, in consultation with all Local Municipalities in its municipal area, has set up relevant IGR forums to advance cooperation and consultation towards coordinated development and advancement of the region. These structures meet on monthly, quarterly or bi-annual basis depending on their respective guidelines. SDM and three Local Municipalities, namely Emfuleni, Lesedi and Midvaal Local Municipalities, are fully represented in these Forums. Some of these are aligned to both National and Provincial Structures for direct implementation of plans as designated at higher levels. SDM has set up these Forums and Committees to advise on and direct operationalization of policies, systems, projects and programmes as mentioned above. They advocate synergy in the region, thus curb duplications and possible waste of time and public resources.

**The following Forums are established and operational:**

- Joint Municipal Manager's Forum;
- CFOs Forum;
- Community Safety Forum;
- Municipal Environmental Health Forum;
- Transport and Roads Forum;
- IDP Task Team Forum;
- Sedibeng Speakers Forum;
- Legal IGR Forum;
- Disaster Management Forum;
- SRAC & H IGR Forum;
- IDP Steering Committee,
- IDP District-wide Lekgotla; and many more.

These structures advance district-wide delivery of desired services towards realization of the growth and development strategy.



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## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In the year under review, the Sedibeng District Municipality held remarkable public engagements with various stakeholders. Some coordinated and led by the political principals, others organised and held by the administration, while others were held jointly. These guaranteed successful information sharing events with the public, a true public consultation at play.

#### 2.4 PUBLIC MEETINGS

##### COMMUNICATION, PARTICIPATION AND FORUMS

The Sedibeng District Municipality rolled out various public engagements, in form of meetings, events and high level dialogues. These included reaching out to communities through their organised structures, like churches and NGOs.

Public Meetings						
Nature and purpose of the meeting	Date of events	Number of participating Municipal Councillors	Number of participating Municipal Administrators	Number of participating Community members Attending	Issue addressed (Yes/No)	Date and manner of Feedback given to community
IDP Consultative meetings	29 Jan 16	10	16	105	Yes	Feedback session to community is constantly done through IDP Consultative meetings and Annually in SODA hosted by Executive
IDP Consultative meetings	20 April 2016	10	13	82	Yes	
IDP Mayoral Breakfast	13 April 2016	16	16	105	Yes	
State of the District Address	04 June	149	280	500	Yes	

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Public Meetings						
Nature and purpose of the meeting	Date of events	Number of participating Municipal Councillors	Number of participating Municipal Administrators	Number of participating Community members Attending	Issue addressed (Yes/No)	Date and manner of Feedback given to community
						Mayor in consultation with representatives of SDM stakeholders

The Sedibeng District Municipality has no Ward Committees.



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## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

SDM has a strong corporate governance system. All political and administrative structures are set in terms of relevant legislations, and aligned in operation to the revised King Report. Council of the municipality embraces various circulars from Cooperative Governance and Traditional Affairs (GOGTA) and Treasury Departments, thus noted to improve processes on governance.

SDM, through its IGR structures, liaise with all stakeholders at local, provincial and national levels. Section 79 and 80 Committees are established to assist political leadership, the Executive Mayor and her Members of Mayoral Committee with oversight, thus an effective governing of the municipality by Council. One critical Section 79 Committee established is a Municipal Public Accounts Committee, which provides oversight on the total efficiency and effectiveness of the municipal systems. MPAC provides overall oversight report of the municipality.

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Audit Committee is also a critical institution set up as a Committee of Council. SDM has an outsourced Internal audit function working close with the Audit Committee, and technically supervised by an Internal Auditor. The office of the Chief Operations Officer and its Risk Management Unit, manages and deal decisively with issues of Fraud and Corruption. The Local Labour Forum advocates for harmonious workplace relationship between employer and employees.

## 2.6 RISK MANAGEMENT

### RISK MANAGEMENT

The Risk Management Unit provides a comprehensive support service to ensure systematic, uniform and effective Enterprise Risk Management (ERM). The Risk Management Unit plays a vital communication link between operational level management, senior and executive management, risk management committee and other relevant stakeholders. The Risk Management Unit is the custodian of the ERM framework, the co-ordinator of the risk management processes throughout the institution and the institutional advisor on all risk management matters.

#### Top 5 Strategic Risks of Sedibeng District Municipality are:

1. Compromised quality of life for Sedibeng District citizens;
2. Increased incidents of Fraud and Corruption;
3. Inadequate Disaster Management by the Municipality;
4. Uncertain financial sustainability of the District; and
5. Inadequate coordination between Local and District Municipalities.

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

Sedibeng District Municipality (SDM) subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent fashion. Consequently SDM is committed to fighting fraudulent behaviour at all levels within the organisation. The Municipal Manager bears the ultimate responsibility for fraud, corruption and risk management within the Municipality. This includes the coordination of fraud risk assessment, overseeing the investigation of suspected fraud corruption, and facilitation of the reported employees or other parties

In SDM, there is an Anti-Fraud and Corruption Unit which comprises of 2 Internal Investigators who report directly to the Chief Operations Officer and the Municipal Manager. Sedibeng District



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Municipality currently reviewed their Fraud Prevention Plan, together with the Fraud Policy & Response Plan.

The plan is premised on the organisations core ethical values driving the business of, the development of its systems, policies and procedures, interactions with its constituencies the public and other stakeholders, and even decision-making by individual managers representing the organisation. The Plan is also intended to assist in preventing, detecting, investigating and resolution of fraud and corruption. During the year under review, only four (4) cases were reported and dealt with accordingly.

Key focus areas based on the recent fraud risk assessment were Supply Chain Management Unit, Licensing Department, Payroll Unit, Information Management Unit and Human Resources Department.

## **Top 5 Fraud Risks are as follows:**

1. Procurement Fraud;
2. Collusion between staff members and the members of the public (during the issuing of licenses, Road Worthy Certificates, PDP);
3. Theft of documents and assets due to unauthorised access to the building;
4. Electronic transactions fraud; and
5. Theft of Cash Revenue (Licencing - Cash handling).

## **2.8 SUPPLY CHAIN MANAGEMENT**

### **OVERVIEW SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management Unit resides within the Finance Cluster.

The Local Government: Municipal Finance Management Act (Act 56 of 2003) requires the municipality to have and implement a Supply Chain Management Policy (SCM Policy) which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

In addition, the Preferential Procurement Policy Framework Act (Act 5 of 2000) requires an organ of state to determine its Preferential Procurement Policy and to implement it within the framework prescribed.

### **The following bid committees were established and are fully functional:**

- Bid Specification Committee;

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- Bid Evaluation Committee; and
- Bid Adjudication Committee.

All municipal procurement is conducted against the annual procurement plan that has been approved by the Accounting Officer. Demand management performance has been monitored and reported on a monthly basis to the senior management team for oversight and control purposes.

The municipality has developed and established the supplier database. Adverts are placed annually in the newspapers circulating locally to invite potential suppliers to be registered on the supplier database. Service providers may however register at any time. The supplier database is used to request quotations for all purchases up to R30 000 (VAT inclusive) and for formal written quotations (R30 000 to R200 000).

The Executive Mayor provided general political guidance over fiscal and financial affairs of the municipality. He also monitored and oversaw the exercising of responsibilities assigned to the Accounting Officer and the Chief Financial Officer. Municipal policy and national legislation prescribe that Councillors are not permitted to serve as members in any bid committee or participate in the supply chain management processes.

The municipality has established Contracts Management Committee which meets on a quarterly basis to monitor progress on implementation of all available contracts within the municipality. The Committee is coordinated by Corporate Services, and resides in the Directorate: Legal Services.

Arising from the audit of financial year 14/15, two audit matters of emphasis were detected under supply chain management, which is an improvement from the five matters raised from the 13/14 audit process. The municipality has successfully resolved these findings and has duly reported to the various oversight structures the actions taken to resolve these matters. The municipality had undertaken in 14/15 to implement controls to ensure that supporting documentations are readily available when requested by the auditors, and these control mechanisms introduced in 2015 were maintained throughout 15/16 to ensure all MBD4's and SARS tax clearance certificates are submitted prior to payment being released for Year 0, and, to update and maintain the deviations register regularly. Deviations from supply chain policy are reported to the municipality's oversight structures on a monthly basis, as and when they occur.

## 2.9 BY-LAWS

The Sedibeng District Municipality established relevant by-laws within its area of jurisdiction and powers. The key ones are related to the management of atmospheric emission undertaken through Municipal Health Services and the Air Quality Management Units. In relation to these by-laws, a public participation process with all stakeholders is on-going, and will be finalized and tabled before Council for approval and thereafter promulgation.



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## 2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	Feb 2015
All current budget-related policies	Yes	June 2015
The previous annual report (Year -1)	Yes	08 Dec 2014
The annual report (Year 0) published/to be published	Yes	11 Dec 2015
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	28 June 2015
All service delivery agreements (Year 0)	Yes	28 June 2015
All long-term borrowing contracts (Year 0)	None	n/a
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	June 2015
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes	June 2015
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	June 2015
Public-private partnership agreements referred to in section 120 made in Year 0	None	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	Quarterly

The management and update of the Sedibeng's website has always been managed by External Communications official located in the Strategic Planning & Economic Development (SPED). In the 2016/17 financial, this function will be located under Internal Communications in Corporate Services. SDM has a fully functional and user- friendly website, which is managed and updated on continuous basis..

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## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Sedibeng District Municipality currently depends on the surveys conducted by the Gauteng provincial government. The Gauteng City Region Observatory (GCRO) released several survey results in the year under review. These studies showcase public perception of the Sedibeng District Municipality as acceptable and manageable. A detailed report is available at GCRO website: [www.gcro.ac.za](http://www.gcro.ac.za).



# Chapter 3

## **CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)**

### **INTRODUCTION**

This Chapter provides information and account on all services that have been provided by the Sedibeng District Municipality during the year under review. All basic services, water provision (3.1); waste water (sanitation) (3.2); electricity (3.3); waste management (3.4); housing services (3.5), and some free basic services (3.6) are provided for by the local municipalities, namely, Emfuleni, Midvaal and Lesedi. The District plays a facilitating and coordinating role, in direct liaison with all three local municipalities.

### **COMPONENT A: BASIC SERVICES**

#### **INTRODUCTION TO BASIC SERVICES**

The following basic services reside with local municipalities as their primary functions, i.e. water provision, waste water (sanitation) provision, electricity, waste management (including refuse collections, waste disposal, street cleaning and recycling), free basic services and indigent support, roads, and waste water (storm-water drainage). SDM provides direct coordinating services in Housing and Transport.

#### **3.1 Water provision**

This service is provided by the local

#### **3.2 Waste water (sanitation)**

This service is provided by the local

#### **3.3 Electricity**

This service is provided by the local

#### **3.4 Waste management**

This service is provided by the local

#### **3.5 HOUSING**

##### **HOUSING**

Housing delivery is the competence of Provincial Government; however Sedibeng District Municipality is responsible for coordinating and monitoring the function. In the year under review, 3 monitoring reports served in Section 80 Committee and Council in 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarter. 2

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Coordination meeting between all 3 locals and province were convened in the 1<sup>st</sup> and 2<sup>nd</sup> quarter. SDM also provided the following interventions:

1. Establishment and resuscitation of the PSCs in Mamello, Sicelo Shiceka, Sebokeng ext. 30 and Evaton Urban Renewal projects. As well as establishment of District Title Deeds Steering Committee
2. Establishment of sub-contractor and main contractor dialogues on issues of rates in Savanna City Development
3. Issued title deeds to beneficiaries and registered properties.

## 3.6 Some free basic services

This service is provided by the local

## 3.7 Roads

This service is provided by the local



# Chapter 3

## COMPONENT B: ROADS AND TRANSPORT

### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

#### INTRODUCTION TO TRANSPORT

The Sedibeng District Municipality is not a Transport Authority, however it provides a significant coordination role in this transport function. The following were coordinated in the year under review:

Participation in enhancing business relations between public operators and minibus taxi industry;

Continued implementation and monitoring of owners of operating licenses; and general compliance issues.

#### MOTOR VEHICLE LICENSING & REGISTRATION

SDM runs a successful vehicle licensing and operation services to its clientele. This is noted in the number of clients serviced and accessing these centres. A few employees at Vanderbijlpark, Vereeniging, Meyerton and Heildeberg still continue misconduct of fraud and corruption. SDM Management continuously implemented disciplinary actions, leading to suspensions, dismissals, fines, written warnings, etc. SDM Licensing Department is finalising a Strategy to improve services and expand various licensing centres. All licensing centres are still at risk as they continue to hold cash. A risk was mitigated as drop safes and debit/credit technology were installed. A Licensing Revitalization Strategy is currently being finalised, to turn around licensing operations and services in the region.

Employees: Transport Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	2	2	0	0%
4 - 6	0	5	5	0	0%
7 - 9	0	49	46	3	6%
10 - 12	0	87	87	0	0%
13 - 15	0	22	22	0	0%

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Employees: Transport Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	165	162	3	2%

Financial Performance Year 0: Transport Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	56 880 550	61 927 030	65 663 536	63 214 700	2%
Expenditure:					
Employees	48 133 308	55 283 085	56 556 651	57 632 454	4%
Repairs and Maintenance	0	0	0	0	0
Other	4 122 522	3 404 401	2 466 099	2 387 877	-43%
<b>Total Operational Expenditure</b>	52 255 830	58 687 486	59 022 750	60 020 331	2%
<b>Net Operational Expenditure</b>	-4 624 719	-3 239 544	-6 640 786	-3 194 369	-1%

In the 2015/16 financial year, there were no transport capital projects undertaken by the Sedibeng District Municipality. However, the Vereeniging Taxi Rank is underway as funded by PRASA (R50m) and GDRT (49.5m), respectively. SDM stakeholders, including taxi operators, shop tenants, informal traders and the general communities have raised concerns about lack of progress in this project. The most negative effect is unsatisfied taxi and train commuters due to lack of basic services at the taxi rank and train station, e.g. ablutions.

## 3.9 Waste Water (Stormwater Drainage)

This service is provided by the local



# Chapter 3

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

##### Spatial Planning:

The Spatial Planning Unit reviewed the SDF chapter in the IDP 2016-17. SDM also applied for funding to develop a Capital Investment Framework and conduct further studies on the delineated conurbation.

The challenge is to attain the necessary funds to commence with the studies.

##### Land Use Management:

SDM hosted a seminar on legislation affecting Development Planning. The purpose of this seminar was to gain insight knowledge on the state of readiness by local municipalities pertaining the implementation of SPLUMA.

A SPLUMA workshop for the newly elected councillors should take place. The challenge is to acquire funding for the workshop.

##### GIS:

SDM initiated a process that reviewed and updated GIS licences of Emfuleni LM and Midvaal LM.

The Geographic Information System for the district is developed, however it has to be converted from Windows to Linus Operating System in order to be compatible.

The challenge is to acquire funds to link Lesedi LM to the system.

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		2	2		0%
4 - 6		3	2	1	33%
7 - 9		3	3	0	0%

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Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12		0	0	0	0%
13 - 15		0	0	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
Total		8	7	1	13%

## 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### INTRODUCTION TO ECONOMIC DEVELOPMENT

The Sedibeng District Municipality has implemented the intervention programmes and projects in various areas around and throughout the district in 3 local municipalities. These programmes include the rural development interventions, expanded Public works Programmes, Community Works Programmes. This is further enhanced by the coordination of food security programmes through the started pack programmes and drought relief programmes or emerging farmers and mechanisation support programmes to improve and sustain food production programmes.

The implementation and coordination of Comprehensive Rural Development Programme (CRDP) in Mamello and Devon sites is still on track with many new identified projects and programmes through various partnerships.

#### Promote and Develop the Tourism Sector

The Sedibeng District Municipality has embarked upon a major drive to promote and develop the Tourism Industry in the region as a direct result of the decline in economic activity in the Steel and related sectors of the region. Special emphasis is on the development of township tourism.

#### Tourism Potential

The Sedibeng region, with its diverse tourism offerings, embedded in rich cultural and natural heritage products, has the potential to grow into a major tourism destination. Sedibeng district has been classified as an area with above average tourism potential.

#### Tourism Promotion and Development



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A Tourism Development Strategy for the area was developed and adopted in 2003 and principles, programmes and projects were encapsulated in the Sedibeng Growth and Development Strategy (2004) and the Sedibeng 2010 strategy (2007).

The Tourism Strategies have the following goals:

- Develop a common understanding of the tourism industry, defining the roles and responsibilities of government in particular and the broader stakeholder groups, in growing the Tourism Industry in Sedibeng;
- Develop and formulate strategies to be implemented by each stakeholder group in relation to their respective roles taking the strengths and weaknesses of the Sedibeng Tourism Sector into consideration;
- Build the capacity of the three major stakeholder groupings (Government, Private Sector and Community) to grow tourism and subsequently create economic and job opportunities.

In order to realize these objectives, the following deliverables have been identified:

## **Tourism Policy, Strategy, Regulations, Monitoring And Evaluation:**

Sedibeng District Municipality has participated or submitted inputs for the development of 10 National and Provincial policies, strategies, studies and plans.

These include the Gauteng Suikerbosrand Repositioning Strategy; Gauteng Responsible Tourism Guidebook, Gauteng Township Tourism Programmes, Gauteng Tourism Authority strategic planning sessions, Gauteng consultation on the draft regulations for tourist guides, Gauteng consultation on the National Tourism Sector Strategy review, and the review of the Sedibeng Tourism Strategy.

## **Tourism Institutional Arrangements**

The Sedibeng District Municipality has coordinated the establishment of a Regional Tourism Organisation, with Public, Private and Community Stakeholders, to create an enabling and facilitating environment for the Tourism Industry in the Sedibeng Region; as informed by the National Growth Path, the Constitution of the Republic of South Africa and the National and Provincial Tourism Development Strategies.

A state owned company (Vaal River City Promotion Company (SOC)) was registered in August 2013. The objective of the Vaal River City Tourism Promotion Company (SOC) is to promote and develop the Sedibeng Region as the destination of choice for domestic and international tourists, through various coordinated marketing initiatives, such as promoting Vaal River City as a brand and encouraging the hosting of unique integrated events..

The Sedibeng District Municipality, as the majority shareholder, widely solicited applications for the nomination of the Board of Directors for the Company as stipulated in the Company's Memorandum of Incorporation.

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Seven nominees were initially invited to be appointed as Board Members invited and six accepted their nominations. The nominees who accepted are Ms. R Anderson, Adv. G Malindi (SC), Mr. D Moore, Mr. K Mthembu, Mr. P Sechemane and Mr. S Zimu They have the requisite range of expertise required to effectively manage and guide the activities of the Company.

The Board has met three times during the year:

The Chairperson (Adv, G Malindi (SC), Deputy Chairperson (Ms. R Anderson) and Financial Director (Mr. P Sechemane) were elected at the Company's first Board Meeting held on 18 September 2015.

A strategic session of the Board of Directors was held on 6 May 2016 to properly consider all plans and future projects of the Company. These included the draft business plan, draft marketing plan, draft budget and financial resources required by the Company and staffing.

The Board of Directors, requested the Sedibeng District Municipality, as shareholder, to second a senior official to act as Chief Executive Officer of the Company, on a temporary basis for a year, where after the Board will reconsider the feasibility to make a permanent appointment.

The Second Board Meeting of the Company was held on 20 May 2016. At this meeting the following was resolved:

- That Mr. Mbongo is appointed as the Acting Chief Operations Officer.
- That Adv. S Maloka will act as Company Secretary
- An implementation plan for projects of the Company was developed.

## **Tourism Demand: Destination Marketing**

### **Tourism Offerings and Packages**

Packages have been developed by tourism product owners to ensure a diverse tourism offering in the region for international and domestic tourists. It affords the opportunity for local residents to take advantage of these offerings. Tourism offerings and events are received on a regular basis from tourism product owners for marketing purposes. These events and offerings include annual events, such as the Vaal River Meander Wine Route, Sebokeng Wedding Expo, Vaal River Carnival, Heidelberg Varkfees and Bon Hotel Riviera on Vaal's Whiskey Fest.

### **Marketing Initiatives**

The Tourism Department is involved in many national, provincial and local public and private marketing initiatives annually in order to raise the tourism profile of the region. These initiatives include exhibitions, events, publications and media tours, such as the South African Tourism's Sho't Left campaign, the profiling of Black owned tourism products in the Vaal River Lifestyle magazine, and various media tours of the region.



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A generic tourism brochure, profiling the tourism offering in the region, is distributed. A Sedibeng tourism website has been developed, which includes accommodation establishments, tourism attractions, packages and events. Graded establishments are listed on the website, with links to their respective websites.

Sedibeng District Municipality submits information to the National Department of Tourism, Gauteng Tourism Authority, N3 Gateway Association, IFM, VCR FM and Lekoa Multimedia for inclusion on their respective websites, social media platforms or printed and broadcast media, to ensure the accessibility of information to a wider audience.

306 Tourism offerings and events were shared in this way.

## **Vaal 21 Tourism Passport Project**

The Vaal 21 Tourism Passport Project was implemented in the region in 2015. A total of 48 schools in the Sedibeng East region participated in the project. This tourism awareness campaign was developed in partnership with the Gauteng Tourism Authority, the Gauteng Department of Education and participating product owners.

## **Tourism Supply: Product and Skills Development**

### **Accommodation and Tourism Product Audit:**

The Tourism Department has conducted an audit on the tourism products in the region. This is an on-going process. A total of 19 databases have been developed, as determined by visitor demand, and are maintained regularly. New databases that have been developed include Black owned tourism products, tourism associations and travel agencies.

- There are 92 graded establishments in the region and 96 non-graded establishments. Approximately 4430 beds (2700 Graded and 1726 Non Graded), ranging from luxury to budget accommodation, are on offer to tourists.
- There are 74 Conference and Function venues with capacity for 20 to 4 500 pax.

### **Training, Capacity Building and Skills Development**

Sedibeng District Municipality facilitated the implementation of 2 accredited National Training Programmes, namely the Gauteng Tourism Buddies Programme and the Wine Service Training Programme. A total number of 120 learners were trained in the programmes. 70 Learners graduated in the Wine Service Training Programme and 50 learners graduated in Gauteng Tourism Buddies Programme.

80% of the learners were retained in permanent positions by their host employers after the completion of the courses.

A further 36 tourism stakeholders participated in provincial training programmes, such as Tour Operating-, Tourist Guide-, Quality Customer Care- and Business Administration training.

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Information on training, capacity building and skills development opportunities by tourism departments and organisations, such as the National Department of Tourism, Gauteng Department of Economic Development, FEDHASA, TEP, Fair Trade Tourism, etc. are sent to all stakeholders to participate.

## **Promote the development of Tourism Infrastructure**

An audit on Tourism Infrastructure in the region was conducted and submitted to the Emfuleni Tourism Routes Working Committee for the consideration in the planning of tourism routes and the maintenance of the infrastructure.



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## LOCAL JOB OPPORTUNITIES:

The Sedibeng District Municipality have in the short term increased and sustained the EPWP and CWP programmes in all the 3 local municipalities Emfuleni, Lesedi and Midvaal. In the year under review the SDM have secured sizeable financial support from the province to roll up Fresh Produce Market Turnaround strategy, Sebokeng Agripark, Mechanisation programme and the launch of the Vaal River City. These projects are long term catalytic projects aimed at stimulating economic growth and this will automatically lead to massive job creation in the region.

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Year -2				
Year -1				
Year 0				
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
Year -2	40	2 000
Year -1	50	2 900
Year 0	66	4 500

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Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					0
4 - 6					0
7 - 9					0
10 - 12					0
13 - 15					0
16 - 18					0!
19 - 20					0
Total	0	0	0	0	0

Financial Performance Year 0: Local Economic Development Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	484	1 246	623	0	0!
Expenditure:					
Employees	1 236 668	1 285 880	1 635 788	1 457 048	12%
Repairs and Maintenance	0	0	0	0	0!
Other	24 755	26 069	11 767	9 860	-164%
Total Operational Expenditure	1 261 423	1 311 949	1 647 555	1 466 908	11%
Net Operational Expenditure	1 260 939	1 310 703	1 646 932	1 466 908	11%

## LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

There are four major government driven projects in partnership with provincial and national government departments namely;

1. Upgrading of the Vereeniging Market,
2. Sedibeng Mega Agripark,
3. Vaal River City, and
4. Establishment of the Milling Plant.



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There is no expected variation of budget as the projects are expected to expand and increase on financial needs from year to year operating and capital expenditure.

The private sector driven projects continue to grow with the expansion Vaal Mall, Evaton and Sebokeng Shopping Complexes.

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## COMPONENT D: COMMUNITY & SOCIAL SERVICES

All libraries, archives; galleries; cemeteries and crematoria; child care; aged care; and social programmes are competencies of local government municipalities.

### 3.12 LIBRARIES; ARCHIEVES; MUSEUMS; THEATRES, COMMUNITY FACILITIES

Part A Schedules 4 and 5 of the Constitution of South Africa, 1996 lists the following as provincial competencies: Archives, other than National Archives, Libraries, other than National Libraries, Museums, other than National Museums, Provincial Cultural Matters, Provincial Recreation and amenities and Provincial Sports. The Gauteng Department of Sports, Arts, Culture and Recreation operates within this Constitutional Mandate. Part B of the same schedule lists the competencies in which the Provincial Department has a role to support and monitor local governments, i.e. amusement facilities, local amenities, sports facilities, municipal parks and recreational facilities.

The SDM Community Services Cluster has a specific Directorate of Sports, Recreation, Arts, Culture and Heritage to facilitate and implement activities related to Sports, Recreation, Arts, Culture and Heritage.

Sedibeng District Municipality has a rich diverse cultural and political history emanating from its heroic participation in the struggle for the liberation of all against apartheid system of discrimination and oppression. SDM is currently leasing three (3) museums (Sharpeville, Technorama and Heidelberg) and is in the process of having an additional museum added to this priority.

The Arts and Culture Division has two Theatres under its supervision, namely the Vereeniging Theatre and Mphatlalatsane Theatre in Zone 14 Sebokeng, the Sharpeville Precinct, Sharpeville Hall and the Regional Craft Hub are operating. These facilities are fully utilised by the local communities to enhance the development of the various genres of the Arts.

The Gauteng Provincial Carnival which takes place on an annual basis has experienced tremendous growth and is starting to impact and compete with numerous international carnivals events all over the world. The carnival has produced a host of local artists that have excelled in design and the manufacture of carnival artefacts/ costumes and floats to international standards. Our artist are also instrumental in assisting the Cape Town Festival through the skills they have acquired.

There remains consistent development of Theatre stage productions that are hosted at the Vereeniging Civic Theatre and the Sharpeville Hall.

The Heritage Division is responsible for the Vaal Teknorama, the Sharpeville Heritage Precinct and the Heidelberg Transport Museums. The Heritage precinct includes the old Sharpeville Police Station Museum, the Freedom Walk, the Sharpeville Exhibition and the Sharpeville Hall.



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The Heritage Division is still pursuing all strategic Tertiary History institutions, the National Heritage Council, SAHA, SAHRA and both the Provincial Department SACR and National Department of Arts and Culture and numerous Heritage Museums throughout the Country like Museum Africa, Apartheid Museum, Freedom Park, Luziko Museums, the Helen Josephs Memorial centre and the Robben Island Museum to assist in creating strategic partnerships that would assist in adopting best practices.

SDM again during the 2015 period honoured the laying of wreaths at Constitution Square at all monuments i.e. World War 2 Monument, Peace Monument, Signing of the Constitution plaque, Sir William Stowe Monument and the Block House during the Anglo-Boer War. The Boipatong Massacre Commemoration was successfully hosted by SDM on the 17th June 2016 which included the wreath laying with the families of the victims

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	145 780	266 892	134 176	296 160	10%
Expenditure:					
Employees	12 135 029	14 694 722	15 487 623	15 609 154	6%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	2 379 150	2 613 976	2 793 908	2 699 126	3%
<b>Total Operational Expenditure</b>	14 514 179	17 308 698	18 281 531	18 308 280	5%
<b>Net Operational Expenditure</b>	14 368 399	17 041 806	18 147 355	18 012 120	5%

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Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		4	4		0%
4 - 6		14	4		0%
7 - 9		38	38		0%
10 - 12		27	27		0%
13 - 15		33	33		0%
16 - 18		0	0		0%
19 - 20		0	0		0%
Total		116	116		0%

## 3.13 CEMETERIES AND CREMATORIUMS

The function of Cemeteries and Crematoriums resides with local municipalities. The SDM play a distinctive role through the Municipal Health Services Programmes in the surveillance of premises. There are more than 600 service providers from all over Gauteng who make use of the current cemeteries and crematoriums in the Region. All funeral undertakers' premises and mortuaries are monitored to comply with the minimum legislative requirements, and then issued with Certificate of Compliance.



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## **3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES**

### **INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES**

The main service delivery priorities of the Directorate is to promote social development of our communities, support and facilitate implementation of Youth Development including Women and Gender programmes

The services relating to Children, Social Programmes and the Aged are the primary functions of the Provincial Department of Social Development.

The District mainly coordinates and gives support to the local municipalities in collaboration with the Province to give effect for the implementation of programmes. Various programmes have been implemented in conjunction with the locals focused on the designated group's i.e Youth, Children, Women and Gender and People with Disability. The District held two Child headed Campaigns and one workshop to identify and assist families for the alignment of Government Social Services, a total of 11 child headed families were supported and 360 learners participated in the programme, furthermore two ECD steering committee meetings were held to review the ECD plans

A new committee under SEDIFO has been elected. A total of 81 PWD'S participated in the process

A total of five main programmes relating to Youth Development were implemented covering Youth economy, rural development, skilling of youth, entrepreneurship development and Tshepo 500 000, out of these programmes a total of 610 young people were given assistance

The above programmes are implemented through guidance of policies developed by the Directorate for the designated groups

### **SERVICE STATISTICS FOR CHILD CARE**

Issues relating to children care services are a core functionality of the Province in accordance to the Child Care act. The District continues to provide relevant support in conjunction with the locals including the ECD Steering Committee (ECD)

Three ECD steering committee were held to develop and review the strategy for the Integrated ECD strategy during this period

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## **THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:**

The overall performance of Social Services for this period has been successful. The department units have respectively achieved most of its objectives as stipulated in the service delivery and budget implementation plan (SDBIP) for 2015/16 financial year.

The expected outcome of Coordination and Support to promote Social Development of our communities has been achieved through collaboration with various stakeholders from our communities including the local municipalities and the provincial departments relevant for empowerment of our communities

Number of programmes such as forum meetings, awareness programmes and stakeholder engagements were implemented during this period

Based on the budget availability, minimal services have been provided by the District Municipality.

## **COMPONENT E: ENVIRONMENTAL PROTECTION**

### **3.15 POLLUTION CONTROL**

Function of pollution control is rendered by local municipalities on behalf of the District Municipality. A signed Service Level Agreement stipulates pollution control, surveillance of premises, management of illegal dumping, sanitation, noise pollution, industrial pollution, odours, dust, and water and air pollution.

### **3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)**

The Sedibeng District Municipality is involved in several projects related to removal of alien vegetation. The project involves eradication of invasive plants, and treatment of those plants removed.

## **COMPONENT E: HEALTH**

This component includes: clinics; ambulance services; and health inspections.

### **INTRODUCTION TO HEALTH**

The District only support and coordinate the District Health system through the District Health Council (DHC). Most of the Health Activities are mainly implemented at the level of local through provincialization.



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To improve performance, the District continually coordinates the District Health Council meetings with the involvement of the province. To date a total of 65 Primary Health Care Facility Committee members were appointed by the province from Midvaal and Emfuleni Local Municipalities and were trained

Appointed to support the implementation of primary health care through the district

## **COMPONENT F: HEALTH**

### **3.17 CLINICS**

#### **INTRODUCTION TO CLINICS**

Primary Health Care services remains migrated to the Province during the previous period and PHC is still a Provincial competency.

District and Metropolitan municipalities are mandated to render Municipal Health Services. "Health services" at District level refer thus to Municipal Health Services

This component includes: clinics; ambulance services; and health inspections.

#### **THE PERFORMANCE OF CLINICS OVERALL:**

The Directorate has successfully given the relevant support and coordination of locals with Province for the implementation of relevant programmes planned and committees such as the PHCFC.

### **3.18 AMBULANCE SERVICES**

#### **INTRODUCTION TO AMBULANCE SERVICES**

Gauteng Ambulance Services was transferred back to Gauteng Health Services on the 01 September 2012. Sedibeng did embark on a post provincialisation strategy by establishing an Emergency Services forum to deliberate on cross cutting issues. This forum meets on a quarterly basis where by Gauteng Emergency Medical Services forms part of this forum. Emergency call taking & dispatching of ambulances was also provincialized to Midrand.

### **3.19 HEALTH INSPECTION, FOOD AND ABATTOR LICENSING AND INSPECTION**

SDM'S Environmental Department prioritise surveillance of premises and food hygiene within the region. The municipality prioritised issuing of Certificates of Acceptability (CoA) to all food handling premises in compliance with minimum health requirements. A database of all medical waste generators is continuously updated, and such companies are monitored on a routine basis.

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All abattoirs in Sedibeng are monitored in collaboration with GDARD who has the mandate to register such facilities. The IGR Municipal Health Services is the vehicle and platform through which service delivery is remedied and reported accordingly.

## COMPONENT F: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

### INTRODUCTION TO SECURITY & SAFETY

Sedibeng District Municipality support strategic objective of the National Development Plan which seeks to “*Build safer communities*” by providing integrated support towards development and implementation of community safety programmes in the region.

This development and implementation process of programmes is guided by the Sedibeng Community Safety Strategy 2013 – 2017. It is a multi-faceted process undertaken through a Community Safety Forum comprising of various stakeholders from safety and security cluster across the region and province.

For this year, implementation of these programmes was based on the under-mentioned key IDP deliverables:

1. Rendering CCTV maintenance and repairs services to ensure sustainable CCTV system that will complement crime prevention initiatives by the police.
2. Implementation and support of community safety programmes which seeks to promote schools safety, community corrections, community policing relations and no violence against women and children.
3. Support events safety planning processes to ensure compliance to related legislation and policies.
4. Strengthen and monitor Community Safety Forum to ensure sustained networks and partnerships towards safer Sedibeng region.

NB: It should further be noted that Sedibeng District Municipality does not have a competency for Traffic Police Services, Fire and Rescue Services, and Emergency Medical Services. These competencies are held at a Local Municipality and Provincial levels, respectively.

Strengthen and monitor Community Safety Forum activities

This is an IGR forum comprising of various stakeholders from safety and security cluster. The forum is divided into a Task Team and Broader sub-forums. Its key responsibility is to sustain already



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established community safety networks through regular meetings and joint planning. Emanating from this process, a total *nineteen (19)* meetings were held.

## COMPONENT G: SECURITY

### 3.20 POLICE

The police function is undertaken at local municipality level and metropolitan level, in form of traffic services and metro police services, respectively.

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**Community Safety Key IDP Strategic Objective: "Provide an integrated support in ensuring that communities are safe and secure"**

Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year 0 (2014/15)		Year 1 (2015/16)			Year 2 (2016/17)	Year 3 (2017/18)	
		Target	Actual	Target		Actual	Target		
		*Previous Year  (iii)	(iv)	*Previous Year  (v)	*Current Year  (vi)	(vii)	Current Year  (viii)	Current Year  (ix)	Following Year  (x)
Service Objective:									
Provide an integrated support in ensuring that communities are safe and secure	Render CCTV maintenance and repairs services	04 Maintenance & Repairs Registered	04 Maintenance & Repairs Registered completed and submitted	04 Maintenance & Repairs Registered	04 Maintenance & Repairs Registered	04 Maintenance & Repairs Registered completed and submitted	Render CCTV maintenance and repairs services	04 Maintenance & Repairs Registered	Number of Maintenance & Repairs Registered submitted
	Implement and support community safety programmes	40 Community Safety Programs	124 Community Safety Programs implemented	40 Community Safety Programs	40 Community Safety Programs	76 Community safety programs implemented	Implement and support community safety programmes	40 Community Safety Programs	Number of community safety programs supported



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Community Safety Key IDP Strategic Objective: “Provide an integrated support in ensuring that communities are safe and secure									
Service Objectives  Service Indicators  (i)	Outline Service Targets  (ii)	Year 0 (2014/15)		Year 1 (2015/16)			Year 2 (2016/17)	Year 3 (2017/18)	
		Target	Actual	Target		Actual	Target		
		*Previous Year  (iii)	(iv)	*Previous Year  (v)	*Current Year  (vi)	(vii)	Current Year  (viii)	Current Year  (ix)	Following Year  (x)
	Support events safety planning processes	Events Safety Policy completed	Approved Events Safety Policy	Events Safety Policy completed	04 Events safety meetings	07 Compliant events safety meetings held	Support events safety planning processes	04 Events safety meetings	Number of compliant Events Safety events held
	Strengthen and monitor Community Safety Forum activities	04 Community Safety Forum meetings	12 Community Safety Forum meetings held	04 Community Safety Forum meetings	08 Community Safety Forum meetings	19 Community Safety Forum meetings held	Strengthen and monitor Community Safety Forum activities	08 Community Safety Forum meetings	Number of community safety forum meetings held

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Employees: Community Safety					
Job Level	Year -1	Year 0			
Administrators	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Director: Community Safety (Job level 02)	1	1	1	0	0%
Assistant Manager: Crime Prevention (Job level 04)	0	1	0	1	100%
Coordinator Social Crime Prevention (Job level 05)	1	2	1	1	50%
Head: VIP Protection Unit (Job level 05)	0	1	0	1	100%
CCTV Operations Officer (Job level 06)	0	1	0	1	100%
VIP Protection Officers (Job level 07)	14	14	14	0	0%
Evidence & Data Processor (Job level 07)	2	2	2	0	0%
CCTV Technicians (Job level 07)	2	2	2	0	0%
Admin Assistant (Job level 09)	1	1	1	0	0%
CCTV Receptionist (Job level 10)	1	1	1	0	0%
General Worker (Job level 11)	1	1	1	0	0%
Total	23	27	23	4	



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## **THE PERFORMANCE OF COMMUNITY SAFETY OVERALL:**

There were no capital projects rendered by the Community Safety Directorate for the financial year ending 2015/16. The only budget that was available linked to infrastructural support was R1 631 580.00 allocated for CCTV Maintenance and Repairs Services in the form of a contracted services.

Service delivery programmes rendered by this directorate are targeting areas within the communities which are often vulnerable to criminal activities. These programmes include schools safety programmes such search and seizures operations, hosting of winter schools camps, morning assembly visits, community corrections programmes which include prison tours for schools learners, gender based violence such as participating in victim empowerment programmes, community policing relations programmes such as participation in Community Policing Forum, Youth Safety Forum, Rural Safety Forum, etc.

The IGR Structure (Community Safety Forum), is highly effective in the region where most of community safety programmes implemented in the region are coordinated through this forum. There is high representation and active participation of relevant stakeholders from safety and security cluster in this forum.

The above-mentioned deliverables will be funded through an operational budget which has been approved for the year 2015/16. Implementation process of these deliverables is conducted in a multifaceted and joint financial planning.

### **3.21 FIRE**

#### **INTRODUCTION TO FIRE SERVICES**

The District Municipality is only responsible for the section in the Municipal Structure Act Section 84 (1)(j) which is:

Planning, co-ordination and regulation of fire services,

Specialised fire fighting services such as mountain, veld and chemical fire services

Co-ordinating of the standardising of infrastructure, vehicles, equipment and procedures

Training of fire officials

#### **Top 2 delivery priorities.**

1. Provision of specialized fire fighting services (Payment of Claims send by the Local).

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Claims received from the local municipalities regarding specialized firefighting services as per

Section 84 (1)j have been received and processed. The total amount paid for the period is R 94296.00

2. Emergency Forum Meetings. This meeting is to strengthen the relationship within the emergency services. Agenda items include: Training, PIER (PEAU) Public Education & Awareness, Specialised Fire Fighting Services, Operational MOA, Disaster Management matters, Emergency Communication Centre matters, Fire matters, Emergency Medical Services matters & Standard Operation Procedures on Fire & Rescue Services.

## **THE PERFORMANCE OF FIRE SERVICES OVERALL:**

Sedibeng District Municipality is only responsible for the Section 84 (1)(j) in the Municipal structure Act and do not render Fire brigade operational duties. The Directorate also coordinate the Emergency Services Forum with the Local Fire & Rescue Services to assist the Local Fire services with planning & standardizing of the Fire Brigade services and to discuss all issues pertaining to Fire Services, challenges & planning.

## **3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)**

### **INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC**

The Sedibeng Disaster Management Directorate is established within the Community Services cluster and is striving towards the eradication of all avoidable disasters in the Sedibeng District Municipality thereby supporting the social and economic development of our communities.

The key mission of the Directorate is to develop and implement a holistic and integrated disaster management planning and practice in a cost effective and participatory manner, thus ensuring the preparedness of our communities to prevent and respond to disasters.

Service Delivery priorities:

*Ensure the state of readiness and alertness aimed at combating potential disaster situations within the region through plans.*

*Ensure Public Awareness programs to minimize Risks in the Sedibeng Region.*

*Ensure effective service delivery of the Sedibeng Emergency Communication Centre*

*Ensure effective implementation of specialised firefighting services by Locals through monitoring, managing & capacitation of Fire Services.*



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## **SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC**

Disaster Management Plan has been reviewed & adopted by Council for the financial year as per the legislative requirement. The key objective for the annual review of the plan is to ensure that processes that are to be taken to prevent, mitigate and prepare to manage disasters or disasters threatening to occur within the region are updated and applicable.

A total of 421 community members were attended to by Disaster Management.

During the term the directorate provided drinking clean water to the following areas: Midvaal & Emfuleni area in all a total of 666000 litres water were provided to the above areas.

Makokong; Herold plaas; Bloekomspruit; Chicken Farm; Jonker's Farm; Klipkop; Lochvaal

The directorate held the following campaigns:

Awareness Program in Lesedi Local Municipality as part of the International Fire Awareness week. The event was held in conjunction with the Lesedi Municipality, GPG and the other 5 regions within Gauteng. Themes for the program were shared amongst the regions and the focus of the unit was on Emergency Calling. Target was School kids and Community members.

The event was held at the Ratanda stadium.

Awareness program, as part of the IDDR was held in Evaton, in collaboration with the Lawrence Khhekhe Foundation. Key themes of the day included the following:

- Emergency calling
- Home safety

The program was held in the form of a door to door.

Awareness campaign was held in collaboration with the Sedibeng Social Development department, as part of the women's month program. The awareness program was held in Dinokeng primary school and key themes that were covered during the day include the following:

- Emergency calling
- Home safety

The program was held at Dinokeng Primary school, with all the staff members that were present. The focus was on First Aid and Emergency Calling for the staff as they on a day to day basis come across emergencies concerning the learners.

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Awareness program was held at Dinokeng Primary school 22 April 2016, from Grade 3 this program includes all stakeholder(eg Provincial Disaster Management, SAPS, Provincial Ambulance Services & all stakeholders) The focus was on First Aid, Emergency Calling, Safety at home & on drug abuse.

Employees: Disaster Management					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	3	3	3	0	0%
7 - 9	2	3	2	3	100%
10 - 12	20	20	16	4	20%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	27	28	23	7	25%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc.					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	746 830	811 510	801 395	329 700	-146%
Expenditure:					
Employees	10 454 999	10 735 287	10 457 916	10 514 972	-2%
Repairs and Maintenance					0
Other	299 911	332 010	318 628	256 517	-29%
Total Operational Expenditure	10 754 910	11 067 297	10 776 544	10 771 489	-3%
Net Operational Expenditure	10 008 080	10 255 787	9 975 149	10 441 789	2%



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## THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

The overall performance of Disaster Management for the period has been successful. The department achieved most of its objectives as stipulated in the service delivery and budget implementation plan (SDBIP).

The endeavours to create disaster resilient communities within our region is achieving great momentum & this attribute to less incidents or emergencies related to informal or formal shack / house fires. This is achieved through effective public education & awareness programs.

The engagement with different stakeholders to manage some of the disasters or emergencies has been successful. The collaboration with stakeholders like the Department of Water Affairs, SA Weather Services and Management of Vaal Dam during recent floods attributed to effective management of the incident.

## COMPONENT H: SPORT AND RECREATION

The Sedibeng District Municipality is coordinating sporting and recreational programmes in the region. These activities are undertaken in a clear collaboration with Gauteng Department of Sports, and all local municipalities.

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3		1	1	0	0%
4 - 6		1	1	0	0%
7 - 9		2	2	0	0%
10 - 12		0	0	0	0%
13 - 15		0	0	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
<b>Total</b>		<b>4</b>	<b>4</b>	<b>0</b>	<b>0%</b>

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Financial Performance Year 0: Sport and Recreation					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	579	290	0	0
Expenditure:					
Employees	1 147 620	1 139 319	1 147 551	1 147 550	1%
Repairs and Maintenance	0	0	0	0	0
Other	269 739	209 790	287 540	286 807	27%
Total Operational Expenditure	1 417 359	1 349 109	1 435 091	1 434 357	6%
Net Operational Expenditure	1 417 359	1 348 530	1 434 801	1 434 357	6%

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

SDM has excellent corporate governance with systems in place. As required by legislation, SDM policies are developed and reviewed on annual basis. In order to familiarise Council members with new and revised policies, a policy workshop is conducted on annual basis. All 6 clusters are functional and accountable to the Municipal Manager, who in turn is also accountable to the Executive Mayor. SDM Clusters are Office of the Chief Operations Officer, Corporate Services, Finance, Strategic Planning & Economic Development, Community Services, and Transport, Infrastructure, Environment & Licensing. Human Resources Directorate, under Corporate Services is the custodian of all council policies.

### 3.24 EXECUTIVE AND COUNCIL

SDM Council was constituted in terms of section 16(1) of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998), Notice No. 6765 of 2000. It has 48 Councillors, who regularly attended Council meetings, and took robust resolutions. The Executive Mayor, Cllr Simon Mofokeng led Council for 4 months in the 2015/16 year. He was deployed to the Emfuleni Local Municipality. SDM was then led by Cllr Busisiwe Modisakeng, who was then the Speaker of Council. Other Councillors who were also deployed to Emfuleni were Cllr Chistina Sale (Chief Whip), Cllr Maipato Tsokodibane (MMC: LED & Tourism), and Cllr Busisiwe Mncube (MMC: Corporate Services). They were replaced by Cllr C. Mshudulu, Cllr M Rhonyuza, and Cllr M Gomba, respectively. Mr B Scholtz (CFO) was also seconded to Emfuleni as the CFO, and Mr C Steyn acted in his position.

The Office of the Executive Mayor, Office of the Chief Whip and Office of the Speaker are functional and provide adequate leadership as required. SDM supports its local municipalities and delivered successfully on top 3 service delivery priorities: good governance, local economic development and proper financial management for a sustainable municipality. Although SDM geared to maintain its past



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three years "Clean" audit opinion" by the Auditor General, these movements in the year under review presented a serious challenge.

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	6	6	0	
4 - 6	49	49	49	0	
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
<b>Total</b>					

Financial Performance Year 0: The Executive and Council					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	4403	18864	9434	0	#DIV/0!
Expenditure:					
Employees	33810350	35352464	41429420	38139672	7%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	20496992	11911238	16398994	16401845	27%
<b>Total Operational Expenditure</b>	54307342	47263702	57828414	54541517	13%
<b>Net Operational Expenditure</b>	54302939	47244838	57818980	54541517	13%

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## 3.25 FINANCIAL SERVICES

SDM has a very competent and efficient Finance Services. The Cluster is divided into two Directorates: Financial Management and Supply Chain Management. Finance has competent and professional employees, operating with controls, policies, and procedures as per legislative requirements. The cluster has attended mSCOA training, and participated in IMFO and other conferences to keep up with new trends in a municipal environment. Hence SDM is proud of its "Clean" audit opinion status by the Auditor General.

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		2	2	0	0%
4 - 6		5	4	1	17%
7 - 9		6	6	0	0%
10 - 12		5	3	2	40%
13 - 15		2	1	1	50%
16 - 18					
19 - 20					
Total		20	16	4	20%

Financial Performance Year 0: Financial Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	271962525	267054158	267049100	255308183	-5%
Expenditure:					
Employees	10312759	10557136	11001181	11276859	6%
Repairs and Maintenance	25	0	0	0	#DIV/0!
Other	43584862	39923363	36003010	39931732	0%



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Total Operational Expenditure	53897620	50480499	47004191	51208591	1%
Net Operational Expenditure	-218064905	-216573659	-220044909	-204099592	-6%
<b>Capital Expenditure Year 0: Financial Services</b>					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.25.6

## 3.26 HUMAN RESOURCE SERVICES

SDM Human Resources under the stewardship of Mr Cliff Ramotsedisi (HR Director) has managed to operationalize an approved organisational structure. Some sections in HR suffered resignations, and needed urgent recruitment and placement to various functions. SDM management strived to maintain a healthy relationship between itself and labour through continuous engagements.

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		3	3	0	
4 - 6		5	5	0	
7 - 9		10	10	0	
10 - 12		0	0	0	
13 - 15		0	0	0	
16 - 18		0	0	0	

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19 - 20		0	0	0	
Total		18	18	0	

Financial Performance Year 0: Human Resource Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	354 024	502 829	499 647	383 472	-31%
Expenditure:					
Employees	5 652 483	6 775 253	7 155 789	7 499 103	10%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	1 600 424	930 194	720 597	730 356	-27%
Total Operational Expenditure	7 252 907	7 705 447	7 876 386	8 229 459	6%
Net Operational Expenditure	6 898 883	7 202 618	7 376 739	7 845 987	8%

## 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Sedibeng District Municipality Information Management (IM) Department maintains all the computer, wide area and local area networks in the Vereeniging, Vanderbijlpark and Midvaal municipal area. The IM Department delivers standby and support to its users uninterrupted, 24 hours a day.

IM Department focussed on the following two main projects in line with the 2015/16 Sedibeng IDP:

- Phase 3 roll-out of fibre cabling to all municipal offices, clinics and libraries including CCTV sites;
- Maintaining adequate operations and procedures to ensure high up-time of systems and networks

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		4	4	0	0%



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Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6		9	9	0	0%
7 - 9		20	20	0	0%
10 - 12		1	1	0	0%
13 - 15		0	0	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
Total		34	34	0	0%

Financial Performance Year 0: ICT Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	6 614 600	6 724 969	6 430 351	7 176 292	6%
Expenditure:					
Employees	13 403 894	13 577 282	13 466 467	14 157 184	4%
Repairs and Maintenance	468 379	808 076	612 146	562 222	-44%
Other	7 694 656	8 075 297	7 951 893	8 132 935	1%
<b>Total Operational Expenditure</b>	21 566 928	22 460 655	22 030 506	22 852 341	2%
<b>Net Operational Expenditure</b>	14 952 328	15 735 686	15 600 155	15 676 048	0%

## 3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The key objective for Legal Services is to ensure an enabling legal environment for Council to operate in. This is achieved by the, inter alia, rendering of support in the development and vetting of contracts, the provision of legal advice to council committees and other functionaries, the perusal of reports and other documents and providing legal comments thereon and the rendering of legal support in the development of by-laws, policies and other documents. Legal Services is also tasked with the

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management of legal cases instituted by the municipality and the defence of actions that are instituted against the municipality.

The overall objective for the department is ensuring the proper management of Council business. Its other divisions are the committee section which administers and renders effective secretarial services to Council and its committees, the Records section which continues to be the best nationally, and auxiliary services, which provides a courier service and a printing service to the organisation. The presence of Legal Services is felt in every aspect of Council work, municipalities being a highly regulated environment with a myriad of legislation and regulations that need to be complied with. Legal Services assists in this regard by providing advice when called upon to do so, maintaining a presence at meetings, providing advice in relation to the interpretation of legislation and other legal instruments.

A crucial part of the service that this unit provides is in the development or vetting of contracts. This function is potentially fertile ground for legal challenges and consumes a lot of time and expertise to perform effectively. It is an important indicator of the department's effectiveness that there has not been a single instance where the municipality was sued as a result of its contracts, this despite the large number of contracts that were dealt with in the period being reported on.

Contract management and administration in particular, and legal services in general cannot be done by the staff in the department alone. It is a support services department and its work feeds off the inputs and instructions properly and timeously provided by the rest of the organisation. The quarterly contract management meetings are an example of the symbiotic relationship the department has with the other offices, and are aimed at improving the understanding of each functionary of what contract administration entails, the red flags that all should be on the look-out for etc. It is intended that information sessions that go beyond the administration and management of contracts be held going forward, in order to improve performance, efficiencies and co-operation among the internal stakeholders.

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		2	2	0	0%
4 - 6		3	3	0	0%
7 - 9		5	5	0	0%



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Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12		9	9	0	0%
13 - 15		2	2	0	0%
16 - 18		0	0	0	0%
19 - 20		0	0	0	0%
Total		20	20	0	0%

## COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

### INTRODUCTION TO MISCELLANEOUS

The Sedibeng District Municipality manages the two Aerodromes, i.e. Vereeniging Aerodrome and Heidelberg Aerodrome. These are fully functional, and for the period under review, the Vereeniging Aerodrome has continued to improve its services and supply of fuel, general maintenance and usage that stabilised. The Heidelberg aerodrome is primarily operated by the local flying club and a pilot training school is also based at the facility. A former landing strip in Vanderbijlpark is still listed as an aerodrome, but is completely non-functional and needs to be deregistered. It runs alongside a residential community and is therefore unsuitable for re-establishment.

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

### 3.29 ORGANISATIONAL PERFORMANCE

The Sedibeng District Municipality has successfully integrated its Integrated Development Planning with electronic Performance Management System. This has made it possible for the municipality to monitor, measure and report against all set deliverables in its IDP. SDM is fully compliant with Section 38 of the Local Government: Municipal Systems Act, 32 of 2000, which states that: All municipalities must establish performance management system that is –

# Chapter 3

- (i) Commensurate with its resources;
- (ii) Best suited to its circumstances; and
- (iii) In line with the priorities, objectives. Indicators and targets contained in our integrated development plan.

The SDM's electronic Performance Management System (ePMS) is developed in total compliance with all legislations related to performance management. The system reflects a clear line of sight in alignment cascading from the National Development Plan Vision 2030 (NDP), National and Provincial Outcomes (Gauteng 10 Pillars), the Sedibeng Growth and Development Strategy (GDS), the 5-year IDP, the 1-year IDP, the Service Delivery and Budget Implementation Plan (SDBIP), and the Performance Agreements of Section 56 employees.

The electronic IDP-SDBIP alignment makes it possible for all Clusters in SDM to progress report and collates evidence against the set deliverables. These reports are consolidated on quarterly, mid-year and annual basis, and measured against the set 'SMART' targets. The system has an inherent monitoring tool in form of dashboards, thus on continuous basis showcase areas of performance and under-performance. This tool gives progress status against the set Deliverables in all Clusters and affords early detection and intervention in areas of need. All Section 56 employees are contracted against the set deliverables and targets, and evaluated as such.

In terms of progress in the 2015/16, the Municipality has progressed very well against set deliverables and targets. The Sedibeng District Municipality planned 201 programmes and projects in the 2015/16 Financial Year, as captured in the Service Delivery and Budget Implementation Plan (SDBIP).

SDM successfully implemented 168 (81.7%) of all planned programmes/projects in the year under review. This status is demonstrated by the dashboard of its electronic Performance Management System introduced in SDM.

The 33 (18.3%) targets not met cuts across all Clusters, and reasons thereof range from budgetary constraints, capacity issues, reallocation of deliverables during the year, to non-adherence to reporting and evidence management processes. In light of these issues, the Management Committee acknowledges a serious need to closely monitor plans, resolve on corrective measures, capacitate Audit, Risk and Performance Units, and set Compliance Management Unit in each Cluster.

A table below summarises the total performance of the municipality in the 2015/16 financial year.

The full Summary of Performance targets for each Cluster is as follows:

Office/Cluster	Total Target	Targets Met	% Target Met	Targets Not Met	% Targets Not Met
Office of the Executive Mayor	7	5	71%	2	29%



# Chapter 3

Office/Cluster	Total Target	Targets Met	% Target Met	Targets Not Met	% Targets Not Met
Office of the Chief Whip	8	6	75%	2	25%
Office of the Speaker	5	3	60%	2	40%
Office of the Municipal Manager	22	21	95%	1	5%
Finance	31	28	90%	3	10%
Corporate Services	24	16	66%	8	40%
Community Services	32	29	91%	3	9%
Transport, Infrastructure & Environment & Licensing	34	25	74%	9	26%
Strategic Planning & Economic Development	38	35	92%	3	8%
<b>TOTAL</b>	<b>201</b>	<b>168</b>	<b>81.7%</b>	<b>33</b>	<b>18.3%</b>

# Chapter 4

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

### (PERFORMANCE REPORT PART II)

#### INTRODUCTION

In order to comply with the prescripts of the Municipal Systems Act No. 32 of 2000 the following strategic interventions, amongst others, have been invoked to ensure fair; efficient; effective; and transparent personnel administration:

- Local Labour Forum (where Management and Organised Labour engage on matters relating to Conditions of Employment for employees) is fully functional.
- A number of workforce policies were reviewed, workshop for Councillors and tabled for Council approval.
- An Employment Equity Central Committee and its sub-committees were monitored during the period under review to ensure compliance to the provisions of the EEA.

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The following table depicts the number of employees, level of vacancies and year on year turn-over rate per functional area.

Employees					
Description	Year -1	Year 0			
	Employee s	Approve d Posts	Employee s	Vacancie s	Vacancie s
	No.	No.	No.	No.	%
Water		—	—	—	
Waste Water (Sanitation)		—	—	—	
Electricity		—	—	—	
Waste Management		2	2	—	
Housing		3	2	1	



# Chapter 4

Employees					
Description	Year -1	Year 0			
	Employee s	Approve d Posts	Employee s	Vacancie s	Vacancie s
	No.	No.	No.	No.	%
Waste Water (Stormwater Drainage)		—	—	—	
Roads		—	—	—	
Transport		174	165	9	
Planning		8	7	1	
Local Economic Development		8	8	—	
Planning (Strategic & Regulatory)		—	—	—	
Community & Social Services		124	116	8	
Environmental Protection		10	8	2	
Health		—	—	—	
Security and Safety		30	30	—	
Sport and Recreation		4	4	—	
Corporate Policy Offices and Other		299	289	10	
<b>Totals</b>		<b>653</b>	<b>622</b>	<b>31</b>	<b>5</b>

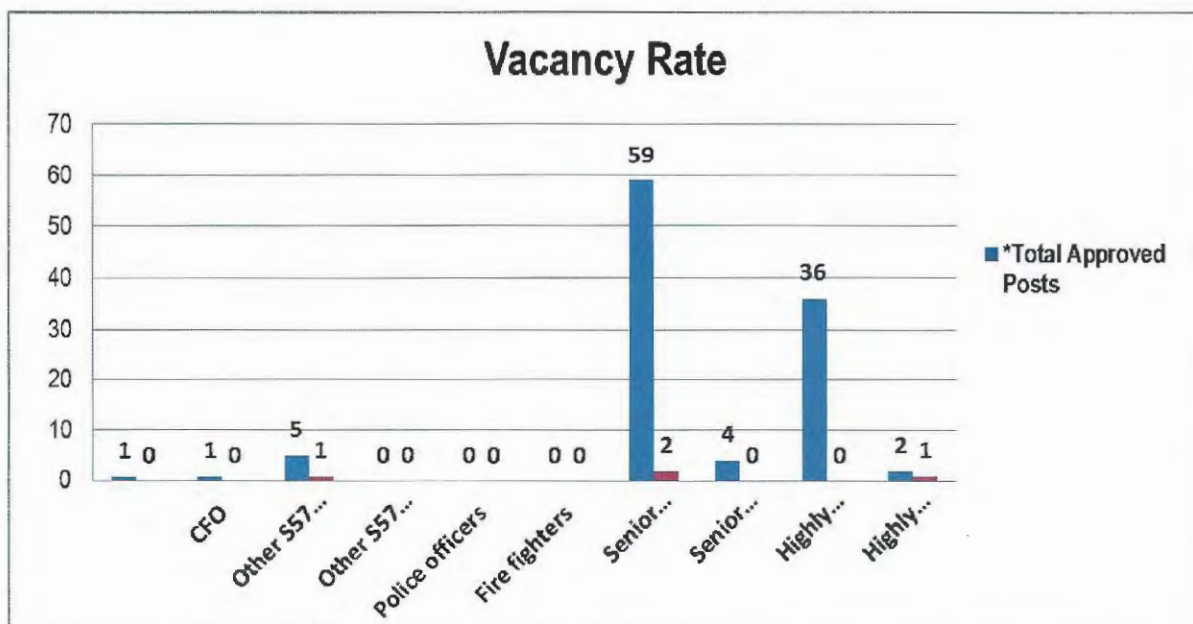
Vacancy Rate: Year 0			
Designations	*Total Approved Posts  No.	*Vacancies (Total time that vacancies exist using fulltime equivalents)  No.	*Vacancies (as a proportion of total posts in each category)  %
Municipal Manager	1	0	0.00

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Vacancy Rate: Year 0			
Designations	*Total Approved Posts  No.	*Vacancies (Total time that vacancies exist using fulltime equivalents)  No.	*Vacancies (as a proportion of total posts in each category)  %
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	5	1	20.00
Other S57 Managers (Finance posts)	0	0	0
Police officers	0	0	0
Fire fighters	0	0	0
Senior management: Levels 13-15 (excluding Finance Posts)	59	2	3.39
Senior management: Levels 13-15 (Finance posts)	4	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	36	0	0.00
Highly skilled supervision: levels 9-12 (Finance posts)	2	1	50.00
<b>Total</b>	<b>108</b>	<b>4</b>	<b>3.70</b>



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Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2			
Year -1			
Year 0	622	31	5%

## VACANCIES AND TURNOVER

SDM had a moratorium on filling of vacancies. Executive Directors submitted motivation to the Municipal Manager for approval. Since SDM has a very high salary bill, this is an intervention to fill critical posts, and lower employee numbers, thus without compromising standards and operational requirements. SDM CFO and MM were seconded to ELM in October 2015 and May 2016, respectively. COO's position remained vacant for the last 2 months of 2015/16 financial year, as the COO was acting as the Municipal Manager. Executive Director SPED (Section 57 category post) is still acting since August 2013, and the post will be filled in due course. Executive Director Corporate Services is also acting, as the incumbent is on an extended leave. The decrease in staff (31 service terminations) during the 2015/16 is due to attrition (resignations, retirements and deaths).

# Chapter 4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The Human Resources Department, as a support structure and part of Corporate Services, continues to provide excellent services to all its stakeholders. SDM HR is divided into four functions, namely Personnel Administration, Labour Relations, Human Resources Development, Work Study and Quality Assurance.

### 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			
2	Attraction and Retention			
3	Code of Conduct for employees			
4	Delegations, Authorisation & Responsibility			
5	Disciplinary Code and Procedures			
6	Essential Services			No
7	Employee Assistance / Wellness	100%	100%	26-Nov-14
8	Employment Equity	100%	100%	26-Nov-14
9	Exit Management	100%	100%	26-Nov-14
10	Grievance Procedures			
11	HIV/Aids	100%	100%	26-Nov-14
12	Human Resource and Development	100%	100%	26-Nov-14
13	Information Technology			
14	Job Evaluation			
15	Leave			



# Chapter 4

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
16	Occupational Health and Safety			
17	Official Housing			
18	Official Journeys	100%	100%	26-Nov-14
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime			26-Nov-14
21	Organisational Rights			
22	Payroll Deductions	100%	100%	26-Nov-14
23	Performance Management and Development			
24	Recruitment, Selection and Appointments			
25	Remuneration Scales and Allowances			
26	Resettlement	100%	100%	26-Nov-14
27	Sexual Harassment	100%	100%	26-Nov-14
28	Skills Development			
29	Smoking	100%	100%	26-Nov-14
30	Special Skills	100%	100%	26-Nov-14
31	Work Organisation			
32	Uniforms and Protective Clothing	100%	100%	26-Nov-14
33		100%	100%	26-Nov-14

# Chapter 4

SDM, as and when required, review its policies and table them before Council for approval.

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

The following number of workplace injuries occurred in the year under review

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0		0	60
Temporary total disablement	51	4	8%	10	
Permanent disablement	0	0		0	
Fatal	0	0		0	
Total	51	4	8%	10	60

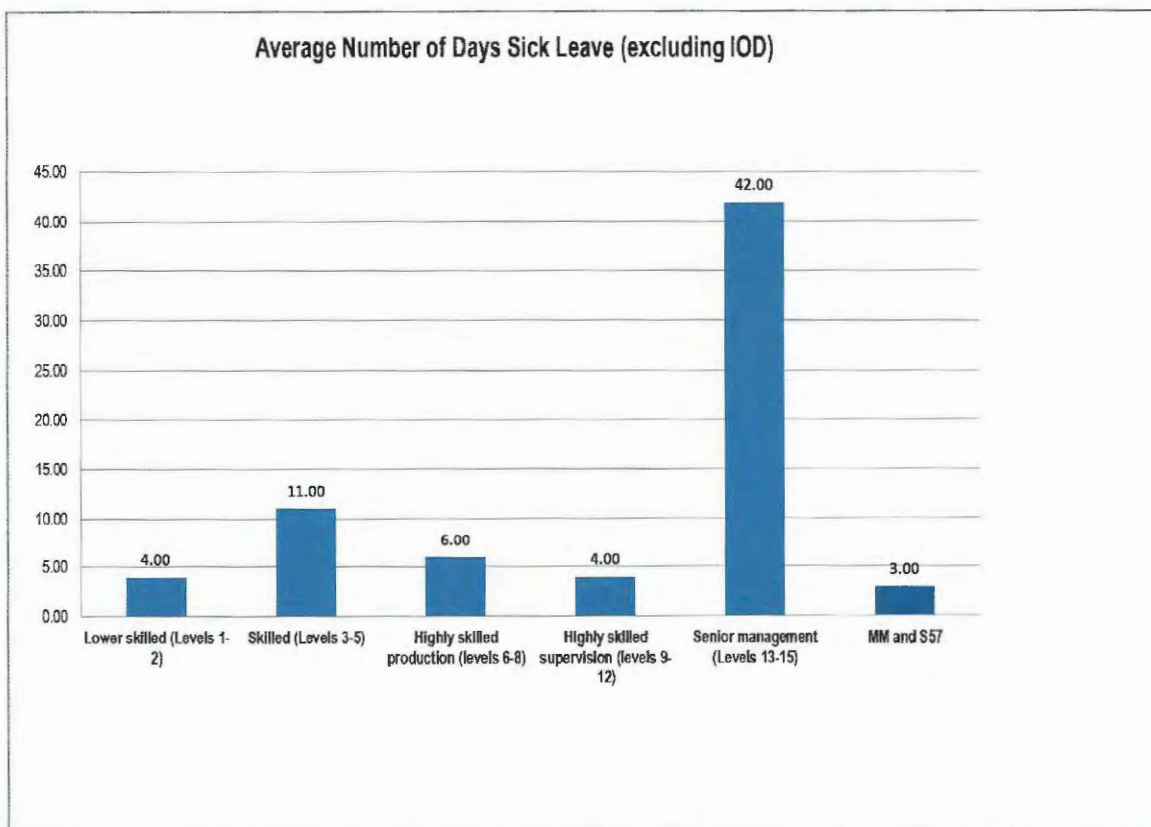
Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	7-Jan-00	No.	Days	R' 000
Lower skilled (Levels 1-2)	622	60%	165	188	4.00	
Skilled (Levels 3-5)	1137	40%	106	143	11.00	
Highly skilled production	988	30%	100	158	6.00	



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Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	7-Jan-00	No.	Days	R' 000
(levels 6-8)						
Highly skilled supervision (levels 9-12)	179	30%	40	68	4.00	
Senior management (Levels 13-15)	466	1%	11	34	42.00	
MM and S57	3	0%	1	6	3.00	
Total						

# Chapter 4



## INJURY AND SICK LEAVE

The utilization of leave generally has generally decreased due to the maturing of the workforce.

HR undergoes monitoring and review of practices to prevent injuries and exposure, thus to ensure compliance to the highest possible Occupational Health and Safety standards

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a



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n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised

## SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

As indicated under Risk Management, Licensing Centres remain high risk area as revenue generating centres. A few employees were subjected to suspensions and investigation was launched against three. It is highly suspected that fraud and corruption is an organised misconduct in these centres.

### 4.4 PERFORMANCE REWARDS

No performance rewards were made in the year under review due to performance policy review and budgetary constraints.

Performance Rewards By Gender	
Designations	Beneficiary profile

# Chapter 4

	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Skilled (Levels 3-5)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Highly skilled production (levels 6-8)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Highly skilled supervision (levels 9-12)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Senior management (Levels 13-15)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
MM and S57	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

SDM faces universal challenges in municipal environment, i.e. insufficient funds to finance developmental trainings and capacity building requests for career-pathing of employees.

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

SDM undertook various Skills Development interventions as captured in the Personal Development Plans (PDPs), in the year under review. A total and detailed report shall be reflected in the Annual Training Report (ATR) for the 2016/17 reporting period.

Most Senior Managers registered for the Competency Requirements course as determined by the Municipal Finance Management Act (MFMA) are continuing with the course on extended period.



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## 4.5 SKILLS DEVELOPMENT AND TRAINING

Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target
MM and s57	Female		0	0	0	0	0	0	0	0	0	0-Jan-00		0
	Male	5	0	0	0	0	1	0	0	0	0	0	1	0
Councillors, senior officials and managers	Female	21	0	0	0	0	4	0	0	3	0	0	7	0
	Male	55	0	0	0	0	9	0	0	7	0	0	16	0
Technicians and associate professionals*	Female	22	0	0	0	0	0	0	0	3	0	0	3	0
	Male	30	0	0	0	0	3	0	0	1	0	0	4	0

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Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target
Professionals	Female	102	0	0	0	0	4	0	0	9	0	0	13	0
	Male	70	0	0	0	0	0	0	0	3	0	0	3	0
Sub total	Female	145	0	0	0	0	8	0	0	0	0	0	8	0
	Male	160	0	0	0	0	13	0	0	0	0	0	13	0
Total		307		0	0	0	42	0	0	26		0	68	0



# Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	0	0	0	0	0	0
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	0	0	0	0	0	0
<i>Any other financial officials.</i>	0	0	0	0	0	0
<b>Supply Chain Management Officials</b>						

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<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	1	1	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>

## Skills Development Expenditure

R'000

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	2	0	0	10502	0	0	0	10502	0
	Male	5	0	0	26255	53950	1706	1706	26225	53950



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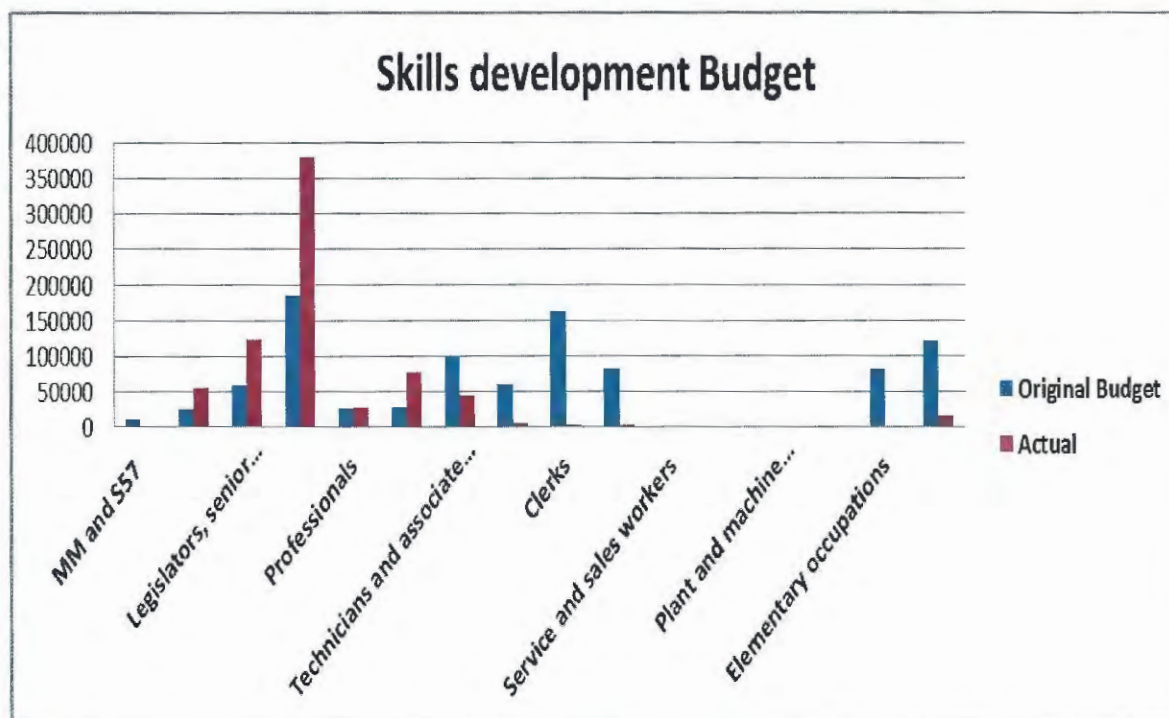
Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
Legislators, senior officials and managers	Female	21	0	0	20307	83550	38947	38947	59254	122497
	Male	55	0	0	53185	247144	133413	132955	186598	380099
Professionals	Female	22	0	0	18040	20090	7555	7555	25595	27645
	Male	30	0	0	24600	74230	4143	4143	28743	78373
Technicians and associate professionals	Female	102	0	0	83640	28482	15354	15354	98994	43836
	Male	70	0	0	57400	0	4143	4143	61543	4143
Clerks	Female	97	0	0	159080	0	3412	3412	162492	3412
	Male	48	0	0	78720	0	3412	3412	82132	3412
Service and sales	Female	0	0	0	0	0	0	0	0	0

# Chapter 4

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
workers	Male	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Elementary occupations	Female	77	0	0	82064	0	0	0	82064	0
	Male	78	0	0	121360	16016	0	0	121360	16016
Sub total	Female	321	0	0	373569	132122	65268	65268	438837	197390
	Male	286	0		361520	391340	146817	146359	508337	537699
Total		607	0	0	735153	523462	212085	211627	947238	735153



# Chapter 4



SDM will continue to support Skills Development interventions to enhance performance and service delivery mandate.

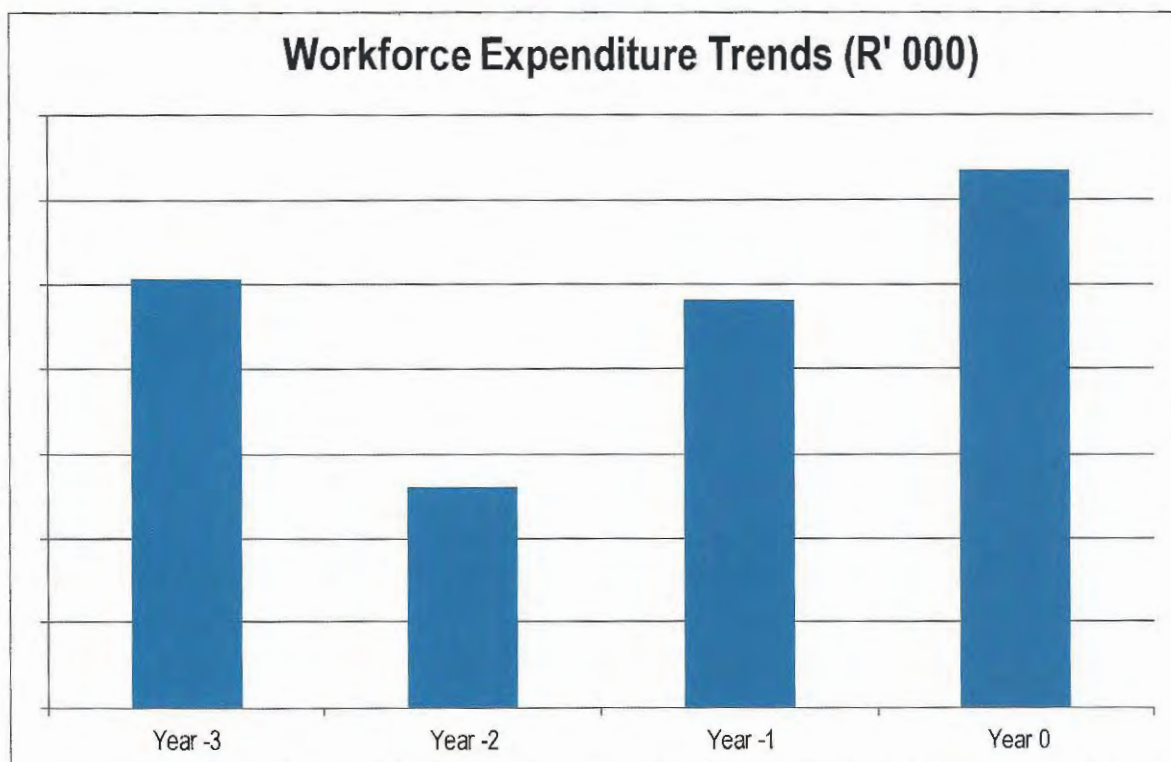
## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

SDM manages its workforce expenditure in a cooperative way encouraging high performance of its employees. The ePMS system is by design set to assist in the reporting, monitoring and evaluation of performance by all employees. Section 56 employees are monitored on quarterly basis. Due to current financial constraints, and a moratorium on filling of posts, vacant positions are temporarily addressed through acting capacity roles.

# Chapter 4

## 4.6 EMPLOYEE EXPENDITURE



SDM has one of the highest salary bill, with employee salaries constituting about 62% of total equitable share. The municipality is currently under strict austerity measures to manage finances and expenditure. Only critical vacancies are filled and some personnel approved to act therein through motivation.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production	Female	0



# Chapter 4

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
(Levels 6-8)	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	
0	0	0	0	
0	0	0	0	
0	0	0	0	0
0	0	0	0	

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a

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Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a

## UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

No posts were at variance with normal practices and the upgrade of posts was therefore not necessary. Thus post evaluation of all jobs, in line with Tuned Assessment of Skills and Knowledge (TASK) Job Evaluation System.

## DISCLOSURES OF FINANCIAL INTERESTS

SDM Human Resources Directorate and Office of the Speaker at the beginning of each financial year request all employees and councillors to complete and submit declaration of interests forms. All employees including Councillors are also supplied with Codes of Conducts.



# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

As a District Municipality based on our powers and functions we are completely grant dependent. No other main revenue source is obtainable. Over the last 6 years, as a result of the global financial economy constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of our main source of revenue, the Equitable share. It is as a result of the global financial constraint that the equitable share over the last 6 years were reduced far lessor than the CPI for each financial period. In addition salary increases for the South African Local Bargaining Council was implementing salary increases more than the equitable share growth allocated to municipalities over the last 6 years – UNCONTROLABLE to municipalities. The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 5 years which is still in place (HR dashboard- attrition, leave management, etc and financial snapshot position of municipality performed monthly. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations based on the grants received. The grants has been ring-fenced and are adequately apportioned for its main purpose. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost.

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### INTRODUCTION TO FINANCIAL STATEMENTS

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality. The municipality did not manage to collect all anticipate revenue and has spent more than originally budgeted for and therefore close off with a shortfall as indicated.

# Chapter 5

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
Description	R' 000					
	Year -1 Actual	Current: Year 0 Original Budget    Adjusted Budget		Actual	Year 0 Variance Original Budget    Adjustments Budget	
<b>Financial Performance</b>						
Property rates					%	%
Service charges					%	%
Investment revenue	2 814	2 040	2 040	2 519	23.47%	23.47%
Transfers recognised - operational	260 478	262 738	262 738	258 610	-1.57%	-1.57%
Other own revenue	101 797	94 988	97 075	83 017	-12.60%	-14.48%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>365 089</b>	<b>359 766</b>	<b>361 853</b>	<b>344 147</b>	<b>-4.34%</b>	<b>-4.89%</b>
Employee costs	209 350	210 040	220 275	228 998	9.03%	3.96%
Remuneration of councillors	11 481	12 698	12 633	12 432	-2.10%	-1.59%
Depreciation & asset impairment	28 584	26 767	23 849	22 295	-16.71%	-6.52%
Finance charges	17	—	—	1	%	%
Materials and bulk purchases					%	%
Transfers and grants	9 908	6 283	5 378	5 647	-10.12%	5.01%
Other expenditure	111 221	103 853	113 198	120 001	15.55%	6.01%
<b>Total Expenditure</b>	<b>370 560</b>	<b>359 641</b>	<b>375 332</b>	<b>389 374</b>	<b>8.27%</b>	<b>3.74%</b>
<b>Surplus/(Deficit)</b>	<b>(5 471)</b>	<b>125</b>	<b>(13 479)</b>	<b>(45 227)</b>	<b>-36283.15%</b>	<b>235.54%</b>
Transfers recognised - capital					%	%
Contributions recognised - capital & contributed assets					%	%
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(5 471)</b>	<b>125</b>	<b>(13 479)</b>	<b>(45 227)</b>	<b>-36283.15%</b>	<b>235.54%</b>
Share of surplus/ (deficit) of associate					%	%
<b>Surplus/(Deficit) for the year</b>	<b>(5 471)</b>	<b>125</b>	<b>(13 479)</b>	<b>(45 227)</b>	<b>-36283.15%</b>	<b>235.54%</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>						
Transfers recognised - capital	—	—	—	151	%	%
Public contributions & donations					%	%
Borrowing					%	%
Internally generated funds	15 676	13 616	9 951	8 883	-34.76%	-10.73%
<b>Total sources of capital funds</b>	<b>15 676</b>	<b>13 616</b>	<b>9 951</b>	<b>9 033</b>	<b>-33.66%</b>	<b>-9.22%</b>
<b>Financial position</b>						
Total current assets	44 457	55 087	46 727	34 692	-37.02%	-25.75%
Total non current assets	158 054	103 560	102 813	144 412	39.45%	40.46%
Total current liabilities	109 353	53 597	45 093	131 293	144.96%	191.16%
Total non current liabilities	—	—	—	—	%	%
Community wealth/Equity	93 158	105 050	104 447	47 811	-54.49%	-54.22%
<b>Cash flows</b>						
Net cash from (used) operating	11 036	7 796	10 370	7 335	-5.92%	-29.27%
Net cash from (used) investing	(15 333)	(13 616)	(9 951)	(8 803)	-35.35%	-11.54%
Net cash from (used) financing	(264)	—	—	(44)		
<b>Cash/cash equivalents at the year end</b>	<b>(4 561)</b>	<b>(5 820)</b>	<b>419</b>	<b>(1 512)</b>	<b>-74.02%</b>	<b>-460.67%</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	10 415	19 194	10 834	8 903	-53.62%	-17.82%
Application of cash and investments	—	—	—	—	%	%
<b>Balance - surplus (shortfall)</b>	<b>10 415</b>	<b>19 194</b>	<b>10 834</b>	<b>8 903</b>	<b>-53.62%</b>	<b>-17.82%</b>
<b>Asset management</b>						
Asset register summary (WDV)	158 054	103 560	102 813	144 412	39.45%	40.46%
Depreciation & asset impairment	28 584	26 767	23 849	22 295	-16.71%	-6.52%
Renewal of Existing Assets	—	—	—	—	%	%
Repairs and Maintenance	4 103	3 891	5 054	5 473	40.68%	8.29%
<b>Free services</b>						
Cost of Free Basic Services provided	—	—	—	—	%	%
Revenue cost of free services provided	—	—	—	—	%	%
<b>Households below minimum service level</b>						
Water:	—	—	—	—	%	%
Sanitation/sewerage:	—	—	—	—	%	%
Energy:	—	—	—	—	%	%
Refuse:	—	—	—	—	%	%



# Chapter 5

Financial Performance of Operational Services						
Description	R '000					
	Year -1	Year 0		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water					0.00%	0.00%
Waste Water (Sanitation)					0.00%	0.00%
Electricity					0.00%	0.00%
Waste Management					0.00%	0.00%
Housing	2 158	2 267	2 294	1 810	-25.24%	-26.74%
Component A: sub-total	2 158	2 267	2 294	1 810	-25.24%	-26.74%
Waste Water (Stormwater Drainage)					0.00%	0.00%
Roads					0.00%	0.00%
Transport	(4 625)	(3 240)	(6 641)	(3 194)	-1.41%	-107.89%
Component B: sub-total	(4 625)	(3 240)	(6 641)	(3 194)	-1.41%	-107.89%
Planning						
Local Economic Development						
Component B: sub-total	-	-	-	-		
Planning (Strategic & Regulatory)	17 300	14 977	18 747	22 941	34.72%	18.28%
Local Economic Development		1 311	1 647	1 467	10.65%	-12.27%
Component C: sub-total	17 300	16 288	20 394	24 408	33.27%	16.45%
Community & Social Services	39 968	39 728	40 098	44 603	10.93%	10.10%
Environmental Protection	21 639	22 810	22 782	22 333	-2.14%	-2.01%
Health						
Security and Safety	12 462	12 319	11 699	12 712	3.09%	7.97%
Sport and Recreation					0.00%	0.00%
Corporate Policy Offices and Other	(83 431)	(90 296)	(77 148)	(57 445)	-57.19%	-34.30%
Component D: sub-total	(9 362)	(15 440)	(2 569)	22 203	169.54%	111.57%
<b>Total Expenditure</b>	<b>5 471</b>	<b>(125)</b>	<b>13 479</b>	<b>45 227</b>	<b>100.28%</b>	<b>70.20%</b>

## COMMENT ON FINANCIAL PERFORMANCE

The municipality report an operating deficit due to revenue not optimally collected based on budgeted figures and has also exceed the budget allocation on expenditure

# Chapter 5

## 5.2 GRANTS

### COMMENT ON OPERATING TRANSFERS AND GRANTS

The municipality's main source of revenue is the RSC levy replacement grant and the growth over the past financial years are less than CPI which is having a negative impact on service delivery within the municipality. The provincial grant earmarked for title deeds to be transferred is seen as a multi-year project based on the difficulties experience in identifying the correct and legal owners of the properties involved

## 5.3 ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Fibre optic-External network			
Description	Optic Fibre network for the district for Information Technology			
Asset Type	Computer Hardware (Own Assets)			
Key Staff Involved	Information Management Department			
Staff Responsibilities				
	2012/13	2013/14	2014/15	2015/16
Asset Value	10 939 687	12 391 429	10 571 129	4 699 366
Capital Implications				
Future Purpose of Asset	IT Communication			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management- , IT policies			
Asset 2				
Name	Internal Networks			
Description	Cabelling of Council buildings to link IT network with different servers and hubs.			
Asset Type	Computer Hardware (Own Assets)			
Key Staff Involved	Information Management Department			
Staff Responsibilities				
	2012/13	2013/14	2014/15	2015/16
Asset Value	300 854	845 892	921 147	537 499
Capital Implications				
Future Purpose of Asset	IT Communication			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management- , IT policies			
Asset 3				
Name				
Description				



# Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				

## COMMENT ON ASSET MANAGEMENT

The municipality main multi-year capital project is the optic fibre installation for connectivity within the area of Sedibeng taken into consideration Midvaal and Emfuleni areas. As a District Municipality there will not be any major infrastructure assets as these functions is within the domain of the local municipalities.

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	3 890 624	5 054 494	5 473 452	-8%

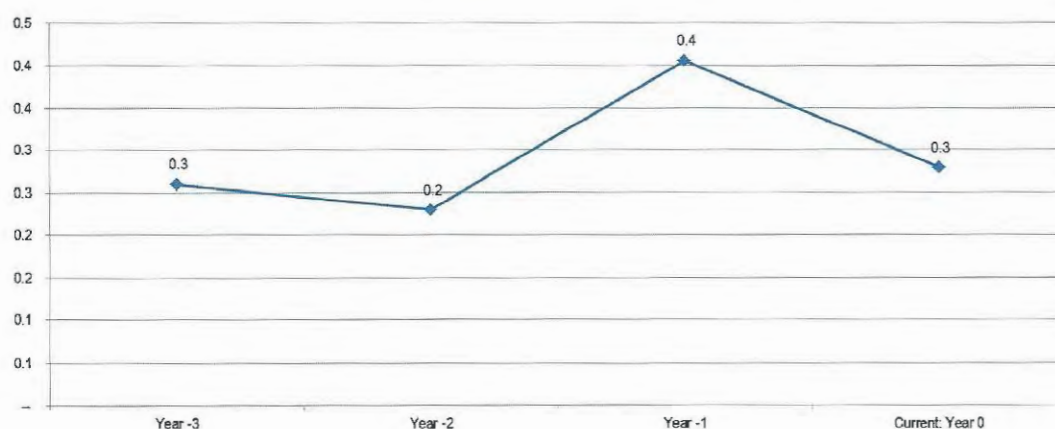
## COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

Repair and maintenance expenditure is very low due to no infrastructure assets assigned to the District where the majority of maintenance will be for building maintenance.

# Chapter 5

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

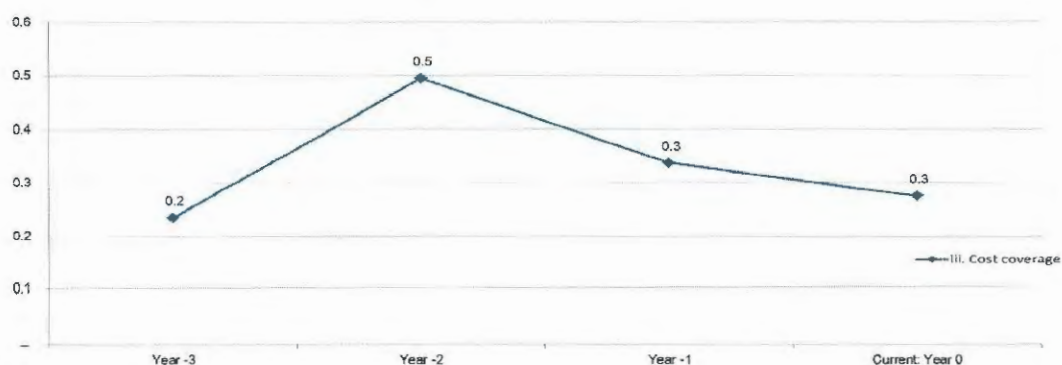
**Liquidity Ratio**



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

**Cost Coverage**



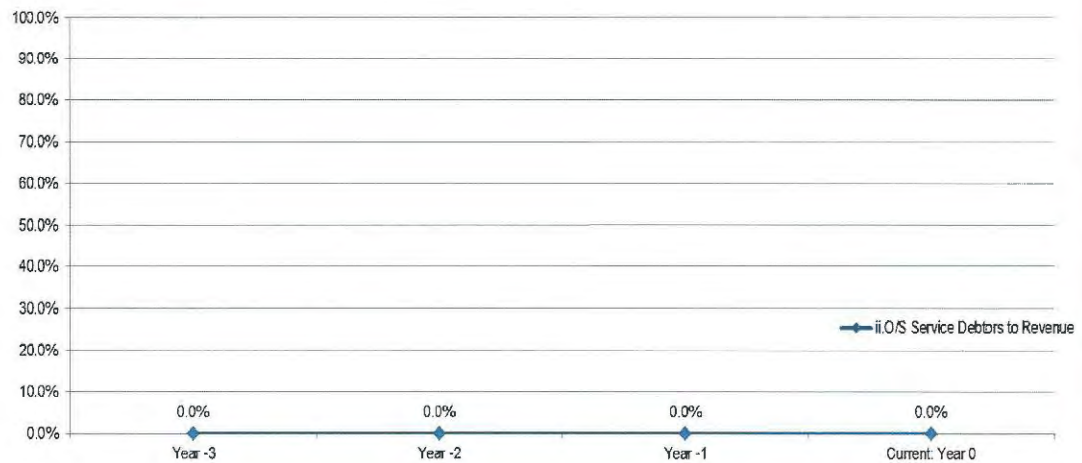
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8



# Chapter 5

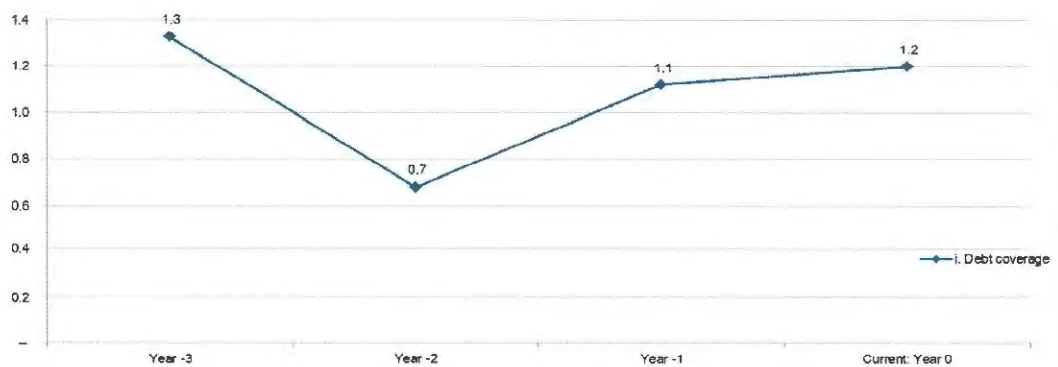
## Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

## Debt Coverage

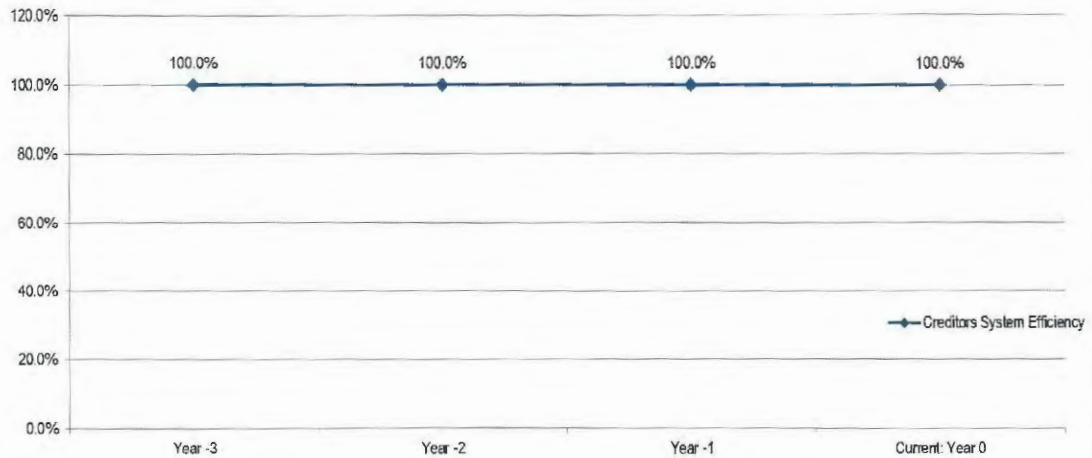


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

# Chapter 5

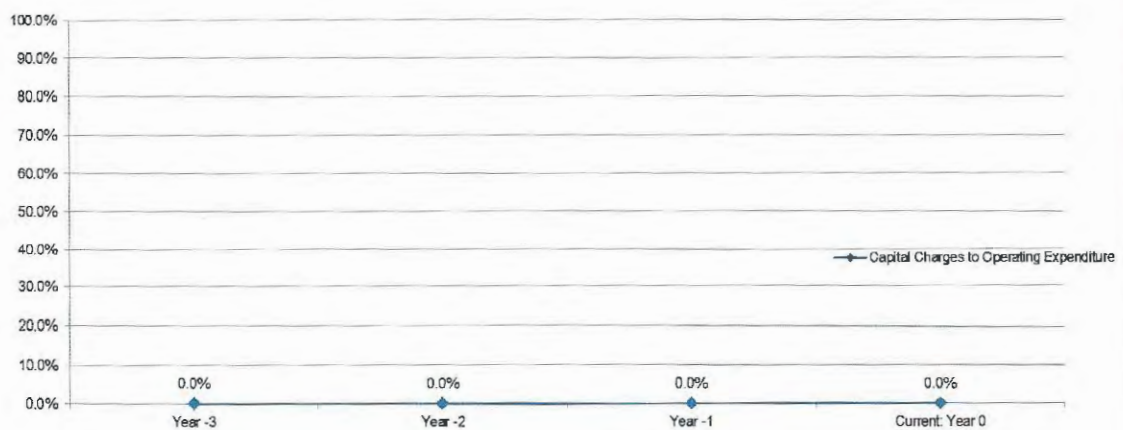
## Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

## Capital Charges to Operating Expenditure



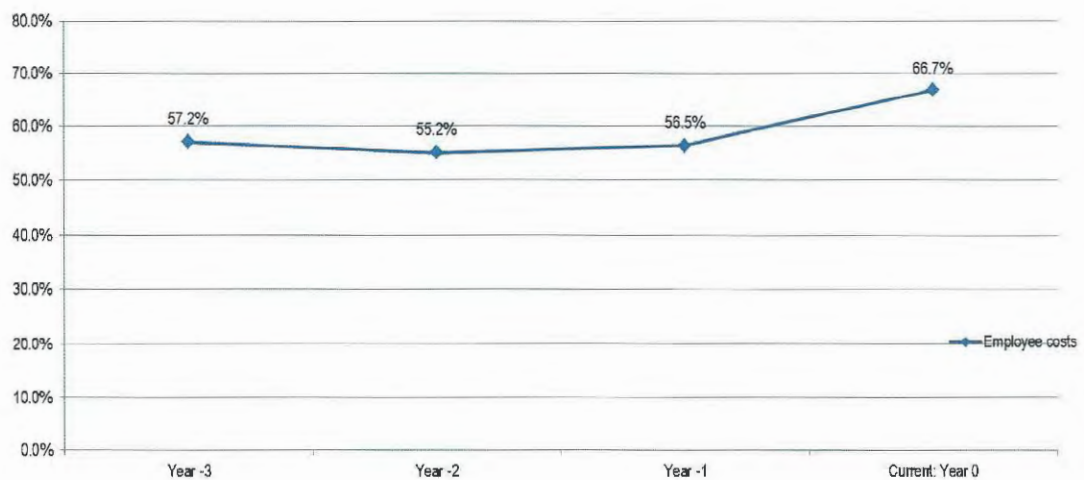
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8



# Chapter 5

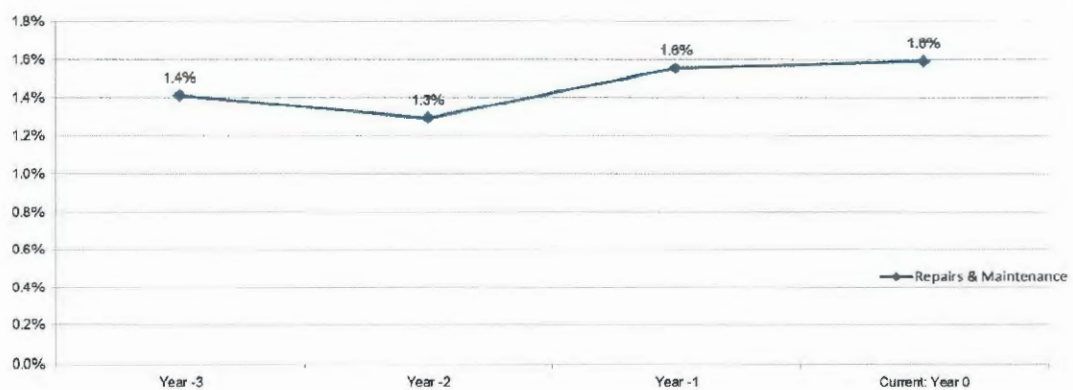
## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

## Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

# Chapter 5

## COMMENT ON FINANCIAL RATIOS

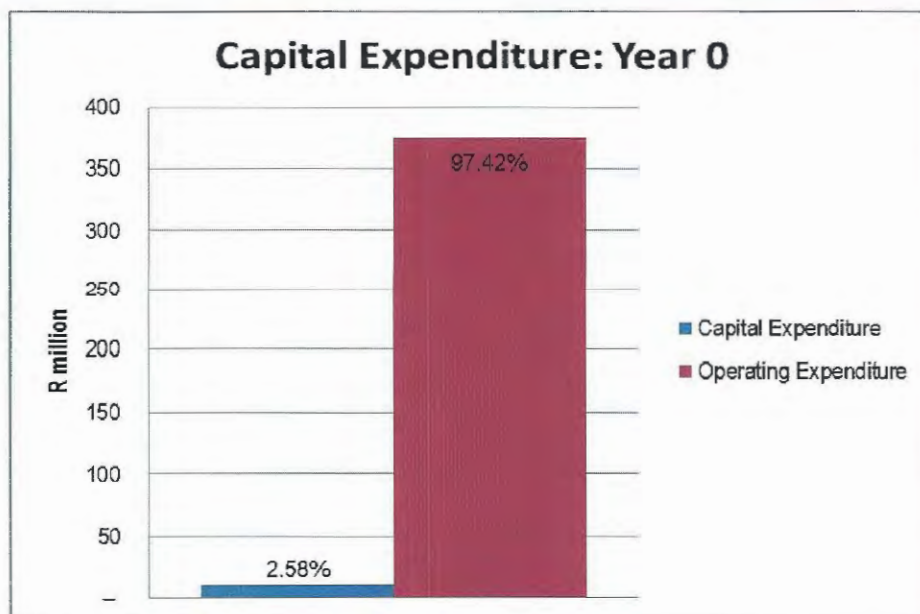
The ratios above reflect a scenario of employee cost which is above the norm set while repair and maintenance is below the threshold. As a District municipality we do not have infrastructure assets which need to be maintained and therefore the amount spent is below the norm. The liquidity ratio indicates that the municipality needs drastic improvement and therefore austerity measures are in place in order to improve on the liquidity.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

As a District Municipality capital expenditure relates mainly to projects that will have value lasting over one year. Capital expenditure is funded from surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. It is important to indicate that the only source of funding is own revenue whereby the District Municipality does not receive MIG funding for infrastructure development.

## 5.5 CAPITAL EXPENDITURE





# Chapter 5

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	14	10	9	33.7%	9.2%
	14	10	9	33.7%	9.2%
Operating Expenditure	360	375	389	-8.3%	-3.7%
	360	375	389	-8.3%	-3.7%
<b>Total expenditure</b>	<b>373</b>	<b>385</b>	<b>398</b>	<b>-6.7%</b>	<b>-3.4%</b>
Water and sanitation					
Electricity					
Housing					
Roads, Pavements, Bridges and storm water					
Other					
	-	-	-		
External Loans					
Internal contributions	14	10	9	34.8%	10.7%
Grants and subsidies			0		
Other					
	14	10	9	33.7%	9.2%
External Loans					
Grants and subsidies					
Investments Redeemed					
Statutory Receipts (including VAT)					
Other Receipts					
	-	-	-		
Salaries, wages and allowances					
Cash and creditor payments					
Capital payments					
Investments made					
External loans repaid					
Statutory Payments (including VAT)					
Other payments					
	-	-	-		
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates					
Service charges					
Other own revenue	97	99	85	12.0%	13.8%
	97	99	85	12.0%	13.8%
Employee related costs	223	233	241	-8.4%	-3.7%
Provision for working capital					
Repairs and maintenance	4	5	5	-40.7%	-8.3%
Bulk purchases					
Other expenditure	144	137	142	1.0%	-3.7%
	371	375	389	-5.1%	-3.7%
Service charges: Electricity					
Grants & subsidies: Electricity					
Other revenue: Electricity					
	-	-	-		
Employee related costs: Electricity					
Provision for working capital: Electricity					
Repairs and maintenance: Electricity					
Bulk purchases: Electricity					
Other expenditure: Electricity					
	-	-	-		
Service charges: Water					
Grants & subsidies: Water					
Other revenue: Water					
	-	-	-		
Employee related costs: Water					
Provision for working capital: Water					
Repairs and maintenance: Water					
Bulk purchases: Water					
Other expenditure: Water					
	-	-	-		

# Chapter 5

## 5.6 SOURCES OF FINANCE

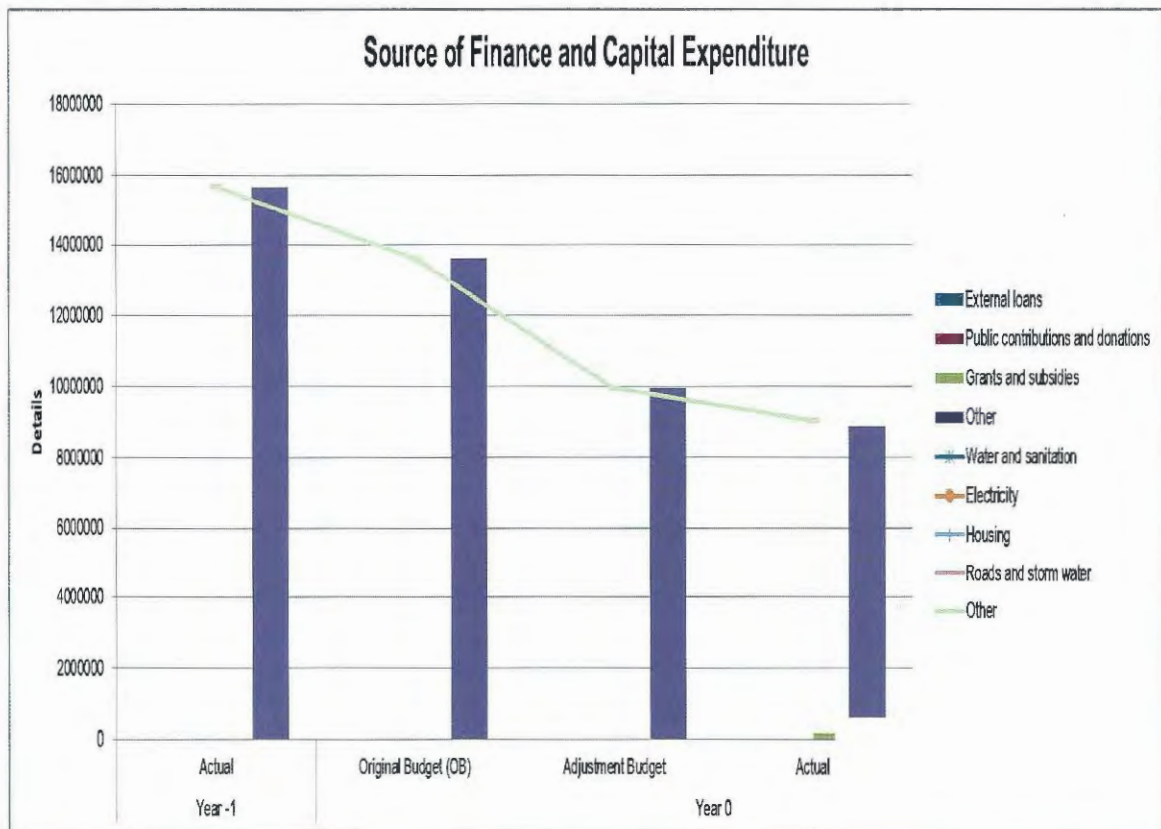
Capital Expenditure - Funding Sources: Year -1 to Year 0						
						R' 000
Details	Year -1	Year 0				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>						
External loans						
Public contributions and donations						
Grants and subsidies				150 807		
Other	15 675 570	13 616 000	9 950 741	8 882 668	-26.92%	-34.76%
<b>Total</b>	<b>15 675 570</b>	<b>13 616 000</b>	<b>9 950 741</b>	<b>9 033 475</b>	<b>-26.92%</b>	<b>-34.76%</b>
<b>Percentage of finance</b>						
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants and subsidies	0.0%	0.0%	0.0%	1.7%	0.0%	0.0%
Other	100.0%	100.0%	100.0%	98.3%	100.0%	100.0%
<b>Capital expenditure</b>						
Water and sanitation						
Electricity						
Housing						
Roads and storm water						
Other	15 675 570	13 616 000	9 950 741	9 033 475	-371.5%	-287.7%
<b>Total</b>	<b>15675570</b>	<b>13616000</b>	<b>9950741</b>	<b>9033475</b>	<b>-371.49%</b>	<b>-287.66%</b>
<b>Percentage of expenditure</b>						
Water and sanitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Electricity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roads and storm water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

### COMMENT ON SOURCES OF FUNDING

The only source of funding utilized for the capital expenditure is own funding due to the fact that the District Municipality do not receive MIG for infrastructure projects. Grant funding received is used to fund projects owned by local municipalities and therefor treated as an operating expense.



# Chapter 5



# Chapter 5

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Optic Fibre Project	6 400 000	4 700 000	4 699 366	27%	27%
B - Internal Network	700 000	700 000	537 499	23%	0%
C - Name of Project					
D - Name of Project					
E - Name of Project					
* Projects with the highest capital expenditure in Year 0					
Name of Project - A					
Objective of Project	External Networking				
Delays					
Future Challenges	none				
Anticipated citizen benefits	IT Communication				
Name of Project - B					
Objective of Project	Internal IT Networking				
Delays					
Future Challenges	none				
Anticipated citizen benefits	Internal IT connectivity				
Name of Project - C					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - D					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					

### COMMENT ON CAPITAL PROJECTS

As a district municipality we do not have major infrastructure projects while the major projects within the district relates to the optic fibre project which link with the internal networks. The project deal with communication establishment within the information technology division operate the projects and lessons learnt in the year about capital project implementation on time to budget.



# Chapter 5

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
<b>Infrastructure - Road transport</b>				%	%	
Roads, Pavements & Bridges				%	%	
Storm water				%	%	
<b>Infrastructure - Electricity</b>				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
<b>Infrastructure - Water</b>				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
<b>Infrastructure - Sanitation</b>				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
<b>Infrastructure - Other</b>				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
<b>Other Specify:</b>				%	%	
				%	%	
				%	%	
				%	%	
<b>Total</b>				%	%	

# Chapter 5

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Based on the current financial constraints within municipalities it is important to perform cash flow projection on a daily basis in order to ensure proper cash flow management. It is also important to perform projections in order to plan expenses based on the revenue inflow. All surplus cash will be invested until such time that the resources are needed for utilization.

#### 5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	304 184	94 928	97 015	301 170
Government - operating	265 783	262 738	262 738	260 958
Government - capital				
Interest	2 700	2 040	2 040	2 519
Dividends				
<b>Payments</b>				
Suppliers and employees	(561 631)	(351 970)	(351 523)	(557 312)
Finance charges				
Transfers and Grants				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>11 036</b>	<b>7 736</b>	<b>10 270</b>	<b>7 335</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	343	100	100	231
Decrease (increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(15 676)	(13 616)	(9 951)	(9 033)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(15 333)</b>	<b>(13 516)</b>	<b>(9 851)</b>	<b>(8 803)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	(264)			(44)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(264)</b>	<b>—</b>	<b>—</b>	<b>(44)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(4 561)</b>	<b>(5 780)</b>	<b>419</b>	<b>(1 512)</b>
Cash/cash equivalents at the year begin:	14 976	25 014	10 415	10 415
Cash/cash equivalents at the year end:	10 415	19 234	10 834	8 903



# Chapter 5

## COMMENT ON CASH FLOW OUTCOMES:

The cash flow shows a net decrease which is directly linked to the operating deficit within the statement of financial performance. This will have an impact on future budget projections and abilities to fund capital projects. Austerity measures was introduced in order to improve the current cash flow situation while alternative revenue sources must be found in line with powers and functions of a district municipality.

## 5.10 BORROWING AND INVESTMENTS

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	0	0	0
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	0	0	0

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## 5.11 PUBLIC PRIVATE PARTNERSHIPS

### PUBLIC PRIVATE PARTNERSHIPS

None

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

##### OVERVIEW SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Unit resides within the Finance Cluster.

The Local Government: Municipal Finance Management Act (Act 56 of 2003) requires the municipality to have and implement a Supply Chain Management Policy (SCM Policy) which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

In addition, the Preferential Procurement Policy Framework Act (Act 5 of 2000) requires an organ of state to determine its Preferential Procurement Policy and to implement it within the framework prescribed.

**The following bid committees were established and are fully functional:**

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee.

All municipal procurement is conducted against the annual procurement plan that has been approved by the Accounting Officer. Demand management performance has been monitored and reported on a monthly basis to the senior management team for oversight and control purposes.

The municipality has developed and established the supplier database. Adverts are placed annually in the newspapers circulating locally to invite potential suppliers to be registered on the supplier database. Service providers may however register at any time. The supplier database is used to request



# Chapter 5

quotations for all purchases up to R30 000 (VAT inclusive) and for formal written quotations (R30 000 to R200 000).

The Executive Mayor provided general political guidance over fiscal and financial affairs of the municipality. He also monitored and oversaw the exercising of responsibilities assigned to the Accounting Officer and the Chief Financial Officer. Municipal policy and national legislation prescribe that Councillors are not permitted to serve as members in any bid committee or participate in the supply chain management processes.

The municipality has established Contracts Management Committee which meets on a quarterly basis to monitor progress on implementation of all available contracts within the municipality. The Committee is coordinated by Corporate Services, and resides in the Directorate: Legal Services.

Arising from the audit of financial year 14/15, two audit matters of emphasis were detected under supply chain management, which is an improvement from the five matters arising from the 13/14 audit. The municipality has successfully resolved these findings and have duly reported to the various oversight structures the actions taken to resolve these matters. The municipality had undertaken in 14/15 to implement controls to ensure that supporting documentations are readily available when requested by the auditors, and these control mechanisms introduced in 2015 were maintained throughout 15/16 to ensure all MBD4's and SARS tax clearance certificates are submitted prior to payment being released for Year 0, and, to update and maintain the deviations register regularly. As part of National Treasury's SCM reforms, these control measures will be incorporated into the centralized supplier database implementation which began rollout in July 2016 (Year +1).

Deviations from supply chain policy are reported to the municipality's oversight structures on a monthly basis, as and when they occur.

## 5.13 GRAP COMPLIANCE

### GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information

# Chapter 5

on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.



# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General. SDM tables its Draft Annual Report 2015/16 with Annual Performance Report 2015/16 and Unaudited Annual Financial Statements before Audit Committee and Council on 24 August and 30 August 2016, respectively. Finally, such documents will be submitted to the Office of the Auditor General on 30 August 2016 for general auditing purposes.

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year -1

#### 6.1 AUDITOR GENERAL REPORTS Year -1 (Previous year)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
Operating deficit more than five percentage of revenue	The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 4 years which is still in place (HR dashboard- attrition, leave management, etc.) and our Financial snapshot position of municipality performed monthly from the CFO's Office. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations based on the grants received. The grants has been ring-fenced and are adequately apportioned for its main purpose. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost. In addition the anticipated unfunded mandate of R38,5 million for Emergency Medical services rendered to the Provincial Department of Health is still owed to Sedibeng District Municipality. Negotiations which ensued was to settle the amount of R25million in good faith to ensure that R19,25 million would be paid during the audit period under review

<b>Auditor-General Report on Financial Performance: Year -1</b>	
	and the balance payable in the 2014/15 financial year.
AOPO: Actual performance against targets not included in the annual performance report	The actual performance against planned targets is available in the detailed Annual Performance Report in the Sedibeng District Municipality's electronic Performance Management System. The detailed Annual Performance Report 2014/15 was made available to the Auditor General, thus to be published in the SDM website.
The valuation of the commitment note 27.2 as per the AFS is incorrect and the schedule of commitments is not complete	The AFS was corrected to ensure that the commitment note reflects all commitments at the correct amount. The municipality has adjusted the annual financial statements for the year ended as at 30 June 2015 to reflect only those commitments that are non- routine and none cancellable.
Supplier Chain Management: Information not submitted for audit	The outstanding information was subsequently provided to the auditors. The finding is resolved. It is recommended that the municipality implement controls to ensure that supporting documentations are readily available when requested by the auditors.
AOPO: Budgeted amount is not included in the SDBIP for all objectives	Actual budgeted amounts were captured in the SDBIP for all objectives.
AOPO: Performance Indicators not Measurable	SDM will integrate data in all three columns (Indicator, Unit of Measure and Target) in order to make indicators measurable.
SCM: Amount paid to service provider exceeds the original contract amount	Management partially agrees with the finding to the extent that the contracted amount was exceeded. It must however be noted that the scope of work for the Service Provider (Grant Thornton) was inadvertently extended given the new requirements which were not originally part of the tender. The Audit Committee approved the annual internal audit plans which included the revised scope of work.
Assets : Lease agreement incorrectly classified	The lease agreement was incorrectly classified and therefore the financial statements were adjusted to correct the classification error. The financial statements were adjusted to take into account the finance lease and reverse the operating lease.



<b>Auditor-General Report on Financial Performance: Year -1</b>	
SCM: Declaration of interest not submitted for audit	Management will implement control measures to verify tax clearance and declaration of interest prior to releasing payment in terms of SCM Regulation 43 & 44
SCM: Three quotations not obtained	<p>In the instances where it was impossible to follow SCM procedures, approval was obtained from AO in terms of SCM Regulation 36 and the reasons therein duly recorded. Details are logged in the deviation register.</p> <p>SDM shall implement controls to ensure that supporting documentations are readily available when requested by the auditors.</p>
SCM: Tax clearance not provided for audit	Management will implement control measures to verify tax clearance and declaration of interest prior to releasing payment in terms of SCM Regulation 43 & 44
Information Technology Governance	<p>The service level agreements with the vendors will be reviewed and the recommendations of this report will be included in the revised agreements.</p> <p>Regular monitoring and a proper definition of the service levels expected will be added to existing contracts through the office of the Director Legal. Contracts will be renewed through a formal review process and amended, where necessary, with the approval of both parties.</p> <p>A biannual review of the performance of the service provider will be performed and will be a stipulation of the amended contract.</p>

**COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)****6.2 AUDITOR GENERAL REPORT YEAR 0**

<b>Auditor-General Report on Financial Performance Year 0*</b>	
<b>Status of audit report:</b>	<b>Unqualified (with other matters specified)</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>

<b>Auditor-General Report on Service Delivery Performance: Year 0*</b>	
<b>Status of audit report**:</b>	<b>Unqualified (with other matters specified)</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<b>OBJECTIVE: ENSURE HIGH LEVEL OF CORPORATE GOVERNANCE (OFFICE OF THE SPEAKER)</b>	
Performance targets are not specific	Target set will be SMART in terms of the FMPPI. Complete measurement criteria shall be detailed in the top SDBIP, and not only in the operational plans of individual departments. In the 2016/17 SDBIP all criteria is defined in the ePMS, and shall be implemented as per the approved plan.
<b>OBJECTIVE: DEVELOP AND MAINTAIN HIGH QUALITY MUNICIPAL FACILITIES (CORPORATE SERVICES)</b>	
Performance targets not specific	Target set will be SMART in terms of the FMPPI. Complete measurement criteria shall be detailed in the top SDBIP, and not only in the operational plans of individual departments. In the 2016/17 SDBIP all criteria is defined in the ePMS, and shall be implemented as per the approved plan.
Performance targets are not measurable	Target set will be SMART in terms of the FMPPI. Complete measurement criteria shall be detailed in the top SDBIP, and not only in the operational plans of individual departments. In the 2016/17 SDBIP all criteria is defined in the ePMS, and shall be implemented as per the approved plan.



<b>Auditor-General Report on Service Delivery Performance: Year 0*</b>	
<b>Status of audit report**:</b>	<b>Unqualified (with other matters specified)</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Key performance indicators not well defined	Target set will be SMART in terms of the FMPPI. Complete measurement criteria shall be detailed in the top SDBIP, and not only in the operational plans of individual departments. In the 2016/17 SDBIP all criteria is defined in the ePMS, and shall be implemented as per the approved plan.
Key performance indicators not verifiable	Target set will be SMART in terms of the FMPPI. Complete measurement criteria shall be detailed in the top SDBIP, and not only in the operational plans of individual departments. In the 2016/17 SDBIP all criteria is defined in the ePMS, and evidence predetermined in the business processes.
<b>OBJECTIVE: WORLD CLASS ICT INFRASTRUCTURE IN SUPPORT OF A SMART SEDIBENG (CORPORATE SERVICE)</b>	
Performance targets are not specific	Since 100% in this deliverable meant unit 1, in future, we will use measure as number 1 and not percentage, thus to be more specific. In the 2016/17 SDBIP all criteria is defined in the ePMS
Performance targets are not measurable	Since 100% in this deliverable meant unit 1, in future, we will use measure as number 1 and not percentage, thus to be more specific. In the 2016/17 SDBIP all criteria is defined in the ePMS
Performance targets are not well defined	Target will be set in line with the SMART principles. In the 2016/17 SDBIP all criteria is defined in the ePMS
Indicators/measures not verifiable	Target will be set in line with the SMART principles. In the 2016/17 SDBIP all criteria is defined in the ePMS, and all evidence pre-determined in the system
Planned indicators as per 2015/16 SDBIP are not consistently reported in the 2015/16 Annual Performance Report	The annual performance report was adjusted accordingly
<b>AOPO: RELIABILITY</b>	

<b>Auditor-General Report on Service Delivery Performance: Year 0*</b>	
<b>Status of audit report**:</b>	<b>Unqualified (with other matters specified)</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Key performance targets not reliable	Target will be set in line with the SMART principles. In the 2016/17 SDBIP all criteria is defined in the ePMS, and all evidence pre-determined in the system
<b>NON-COMPLIANCE WITH LAWS AND REGULATIONS</b>	
Operating deficit more than five percent of revenue	Planned indicators as per 2015/16 SDBIP are not consistently reported in the 2015/16 Annual Performance Report The Municipality is busy with a process of aligning the current powers and functions assigned to the District and the Locals in order to regain sustainability within the District. Drastic cost saving measures will be implemented starting with a process of restructuring the organization based on the assigned powers and functions.
Non-compliance with MFMA section 166 (4)b - Audit Committee not sitting at least 4 times	Audit Calendar Plan prepared, approved and adhered to by the Municipality and members of the Audit Committee. Two (2) In-Committee meetings were held between MM Office and other members of the Audit Committee. The last meeting of Audit Committee was set for 28 June 2016, and didn't quorate even after members confirmed attendance. The said meeting was only held in the new year.
Employees appointed without following proper recruitment process	All contract positions to be advertise and recruitment processes follow in appointment
Employees acting in senior positions for a period exceeding without getting approval from the MEC for local government	Approval from the MEC will be obtained
Employees receiving salaries while they are not reporting for duty	Biometric system implemented in order to monitor employees time and attendance



<b>Auditor-General Report on Service Delivery Performance: Year 0*</b>	
<b>Status of audit report**:</b>	<b>Unqualified (with other matters specified)</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Awards made to persons in service of other state institutions	Communication has been sent to all those suppliers listed to inform them of the finding and that they will be deactivated on the system. In the case of the supplier Bongani Makhunga Trading enterprises. CC, the supplier was in active use for the financial year 15/16 for only the periods 201507, 201508 and 201510. The municipality stopped transacting with the supplier once the AG had issued heir 14/15 finding end October 2015. Management have since introduced an internal control to ensure that this oversight does not occur
Deviations not included in notes to the annual financial statements	The deviations detected by the audit process will be included onto an addendum to the MFMSCM Regulation 36 monthly report for June 2016 and tabled at the next sitting of Council.
Competitive bidding process not followed	We will ensure that procurement of services will be done n accordance with the tender specifications
Three quotations not obtained	New template created to be a checklist in order to ensure compliance
Reported targets were not consistent or not complete when compared with planned targets.	Target will be set in line with the SMART principles. In the 2016/17 SDBIP all criteria is defined in the ePMS, and all evidence pre-determined in the system.
Indicators/measure not well defined	Target will be set in line with the SMART principles. In the 2016/17 SDBIP all criteria is defined in the ePMS, and all evidence pre-determined in the system.
<b>IT GOVERNANCE</b>	
Insufficiently documented Information Technology governance framework	The framework stipulated by COGTA is June 2017 and the IT Department will endeavour to align with due dates as set out in the prescriptions
Terms of reference for an Information Technology Governance Committee (Audit Committee) in draft	The Term of Office for the current Audit Committee ends in October 2016; Advertisements for new Committee Members that will serve for a three year period will specify roles and responsibilities for legal, IT Governance and Finance. The Audit Committee Charter will be reviewed and approved

<b>Auditor-General Report on Service Delivery Performance: Year 0*</b>	
<b>Status of audit report<sup>1, 2</sup>:</b>	<b>Unqualified (with other matters specified)</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
	upon the appointment of the new Audit Committee
Inadequate monitoring of Information Technology risks	An IT Risk Champion will be appointed and trained to participate in the risk monitoring processes.
Lack of project management framework	This will form part of the CGICT policy framework and developed accordingly
Inadequate Service Level Agreements (SLAs) and lack of monitoring	The SLA was drafted by our Legal Department and the IT Department will engage with the Legal Department to review the SLA and include the recommendations. Capacity constraints in both the IT Department and the Legal Department may cause this to be a lengthy process and renegotiating with the vendor will add to the timeframe of review. It should however be noted that the service provider has to date only delivered excellent services and this is also reported quarterly at the contract review meetings hosted by the Corporate Department
<b>USER ACCESS MANAGEMENT</b>	
Lack of formal user access management policy and procedure for BAUD and Payday application systems	The user Department will be contacted by the IT Department to discuss the terms of reference for inclusion into the User Account Management Policy.
Inappropriate access rights granted on the BAUD application system	The matter has already been escalated to the service provider in order to resolve the audit logs.
Monitoring of application system administrator activity not performed	Management agrees with the finding, activity logs are available on the system and can only be reviewed by an independent person. This responsibility must be that of the internal audit division as the Administrator of the system is the highest level of accountability with in the Finance Cluster.



Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	Unqualified (with other matters specified)
Non-Compliance Issues	Remedial Action Taken
<b>CHANGE MANAGEMENT</b>	
Inadequate design of the approved change management policy	Management agrees with the finding, the user Department will update the change management policy to cater for instances of ad hoc changes to the system, as and when this is required. It should also be noted that the load of new releases, as issued by the software owners, are first loaded into a test environment, tested by Finance, signed off and only then loaded on the live environment, in line with the current approved policy.
<b>IT SERVICE CONTINUITY</b>	
Inadequate design of Business Continuity Plan, Business Impact Analysis, Information Technology Disaster Recovery Plan and no Disaster Recovery site was in place	The IT Department will review the current policies to include the recommendations. It should however be noted that the Department is currently implementing a DRP for all other systems not covered in the Venus DRP and review of the policy will only be done once the new software is implemented and IT staff is familiar with the capabilities and resources of the system. Contingency processing and alternatives are linked to the allocated budget to the IT Department. The risk is recognized and mitigated as far as possible by current procedures and protocols. No budget has been approved for the 16/17 financial year to accommodate this recommendation. This will be incorporated in the IT strategy which is a requirement in phase 2 of the MCGICT policy framework. The BCP is in the process of being developed, a service provider has been appointed for this.

#### **AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0**

AG's opinion on SDM: Unqualified status (See attached report)

#### **COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0**

The Sedibeng District Municipality welcomes the unqualified opinion from the Auditor General. SDM received unqualified opinion with other matters in the year under review, thus a regress from a 'Clean Audit' status. This is due to various factors, converging on human capital, leadership and lack of consequence management.

#### **COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES**

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

**Signed (Chief Financial Officer)..... Dated**



# GLOSSARY

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give " <i>full and regular</i> " reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key</b>	After consultation with MECs for local government, the Minister may

# GLOSSARY

<b>performance indicators</b>	prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	<p>Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to</p> <p>which an output has been achieved (policy developed, presentation delivered, service rendered)</p>
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.



# GLOSSARY

<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

# APPENDICES





## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Mofokeng MS	FT(Redeployed)		ANC	31	69
Modisakeng BJ	FT	MPAC, Gender, Ethics, Rules	ANC	100	-
Sale MC	FT(Redeployed)	Ethics, Rules	ANC	38	62
Mokako MS	FT	MPAC, Rules	ANC	92	08
Majola AK	PT	MPAC, Gender	ANC	69	31
Maseko YT	PT	MPAC, Gender	ANC	92	08
Masilo WJ	PT	MPAC, Gender, Petitions	ANC	92	08
Matsei NP	PT( Resigned)	MPAC	ANC	31	69
Mollo DS	PT	MPAC	DA	92	08
Mulder M	PT	MPAC	DA	46	54
Poe NS	PT	MPAC, Ethics,	PAC	46	54

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Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
		Rules			
Sotsu VO	PT	MPAC	ANC	100	-
Ngubane L	PT	Gender, Rules	ANC	100	-
Gamede LSA	PT	Gender	ANC	54	46
Baloyi PB	PT	Gender	DA	100	-
Radebe MA	PT	Gender, Petitions	PAC	77	33
Hlongwane SD	PT(Resigned)	Petitions	ANC	23	77
Lehlake BJ	PT	Petitions	ANC	85	15
Maraka TE	PT	Petitions	ANC	85	15
Ramothibe TE	PT	Petitions	ANC	38	62
Soxuzo SD	PT	Petitions	ANC	92	08
Morolong MA	PT	Ethics	ANC	100	-
Karsten ASJ	PT	Ethics, Rules	DA	92	08
Hlongwane NG	FT(Redeployed)	Petitions, Rules	ANC	69	31



# APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Mshudulu AS	FT( Redeployed)	Rules	ANC	92	08
Coertzee Y	PT		DA	100	-
Coetzee A	PT		DA	54	46
Dlangalala F	PT		ANC	92	08
Gamede LSA	PT		ANC	54	46
Gomba MM	PT		ANC	92	08
Gomes PM	PT		DA	54	46
Hoffman DCJ	PT		DA	100	-
Louw R	PT		DA	85	15
Malisa DM	PT(Redeployed)		ANC	31	69
Maphalla TS	PT		ANC	92	08
Mncube B	PT(Redeployed)		ANC	08	92
Mochawe SJ	PT		ANC	92	08
Moiloa T	PT		ANC	31	69

# APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Mohammed YJ	PT		ANC	85	15
Moleko AA	PT		DA	100	-
Mooi NJ	PT		ANC	92	08
Nkosi MNR	PT		ANC	54	46
Nkosi S	PT		ANC	77	23
Pretorious P	PT		DA	46	54
Raikane MD	PT		ANC	85	15
Rani LB	PT		ANC	77	23
Rapapadi LG	PT		ANC	69	31
Tibane G	PT		ANC	62	38
Tsokolibane EM	PT(Redeployed)		ANC	31	69
Tsotetsi PB	PT		ANC	100	-
Van Tonder A	PT		DA	69	31
Morolong NP	PT(Redeployed)		ANC	62	38



# APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Rhonyuza MT	PT(Redeployed)		ANC	69	31
Malindi JK	PT(Redeployed)		ANC	69	31
Mcera WV	PT(Redeployed)		ANC	46	54

The attendance of Council meetings at the Sedibeng District Municipality is significantly high. The Appendix A above shows an average attendance of above 80%, significantly higher than 2014/15 financial year.

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
<b>Rules Committee</b>	Recommend rules and orders to Council concerning the smooth running of its business and the functioning of its committees.
<b>Ethics &amp; Integrity Committee</b>	Promote a culture within the institution which is intolerant to unethical conduct.
<b>Municipal Public Accounts Committee (MPAC)</b>	Reviews the municipal annual report in line with Auditor-General's findings. Provide political oversight to financial management and accounts
<b>Public Participation &amp; Petitions Committee</b>	Promotes the active involvement of the general public in municipal affairs. Receive petitions from ordinary community members on service delivery matters.
<b>Gender Committee</b>	Responsible for gender mainstreaming within the municipal environment. Monitor gender perspective of policies, programmes, projects and practices in the municipality.
<b>Section 80 Committees</b>	Oversight



# APPENDICES

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

DIRECTORATE	MANAGER/ASSISTANT MANAGER
Office of the Executive Mayor: B Majola	1. TT Maleka 2. RTP Morobe
Office of the Speaker: T Mokena	1. HM Mpontshane
Office of the Chief Whip:	1. TJ Tsoho
Municipal Systems: FM Mathe	1. T Mokoari 2. MB Masibihlele 3. B Ramagaga (Acting Manager: IDP)
Financial Management:	1. A Lubbe 2.
Supply Chain Management: KZ Kowlessar	1. S Njongi
Corporate Services: GR Deyzel	
Human Resources: MW Ramotsedisi	1. TS Maloka 2. PI Modimoeng
Legal & Support: NP Shembe	1. N Tshabalala 2. MT Ngake 3. S Zungu
Facilities: Maranda (Acting)	1. BW Johnson

# APPENDICES

DIRECTORATE	MANAGER/ASSISTANT MANAGER
Utilities: TJ Tsotetsi (Acting)	1. LM Nkele 2. C Mokoena
IT: Y Chamda	1. MC Visagie 2. HAJ Mans 3. AM O'Kelly
TIE-Environment: J Senokoane-Malay (Acting)	1. MS Dube 2. I Ngobese 3. AJ Van Zyl 4. PM Mahlatsi 5. MF Thekiso
TIE- Transport & Infrastructure M Manqa	1. MM Khalema 2. NS Mofokeng
TIE – Licensing:	1. T Lenake 2. E Van Zyl 3. A Msibi
Community Services: Health DL Magagula	
Community Services: SRACH N Felix	1. B Mosebi 2. S Khumalo
Community Services: Safety M Leacwe	
Community Services: HIV/AIDS	1. P Mohapelo



# APPENDICES

DIRECTORATE	MANAGER/ASSISTANT MANAGER
Community Services: Disaster Management RS Tlhapolosa	1. MMD Taljaard 2. PJ Niewenhuize
SPED: LED & TOURISM KS Mbongo	1. MD Kantso 2. R Pelser 3. M Dladla 4. M Mokgatlhe 5. SP van Wyk
SPED: DEVELOPMENT PLANNING, HOUSING & NDPG D. Louw (Acting)	1. ET Moleko 2. T Mutlaneng
SPED: Communication:	1. F Safi

# APPENDICES

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal functions	Function Applicable to Municipal (Yes/No)*	Function Applicable to Entity (Yes/ No)
<b>Constitution of Schedule 4, Part B functions:</b>		
Air pollution	Y	
Building regulations	N	
Child care facilities	N	
Electricity and gas reticulation	N	
Fire-fighting services	N	
Local Tourism	Y	
Municipal airports	Y	
Municipal Planning	N	
Municipal Health Services	Y	
Municipal Public transport	Y	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	N	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and related thereto	N	
Storm-water management systems in built-up areas	N	
Trading regulations	N	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	N	
Beaches and amusement facilities	N	

# APPENDICES

Municipal functions	Function Applicable to Municipal (Yes/No)*	Function Applicable to Entity (Yes/ No)
<b>Constitution of Schedule 4, Part B functions:</b>		
Billboards and the display of advertisements in public places	N	
Cemeteries, funeral parlours and crematories	N	
Cleansing	N	
Control of public nuisances	N	
Control of undertakings that sell liquor to the public	N	
Facilities for the accommodation, care and burial of animals	N	
Fencing and fences	N	
Licensing of dogs	N	
Licensing and control of undertakings that sell food to the public	N	
Local amenities	N	
Local sport facilities	N	
Markets	Y	
Municipal abattoirs	Y	
Municipal parks and recreation	N	
Municipal roads	N	
Noise pollution	N	
pounds	N	
Public places	N	
Refuse removal, refuse dumps and solid waste disposal	N	
street trading	N	
Street lighting	N	



# APPENDICES

Municipal functions	Function Applicable to Municipal (Yes/No)*	Function Applicable to Entity (Yes/ No)
<b>Constitution of Schedule 4, Part B functions:</b>		
Traffic and parking	N	
*If municipality: indicate (yes or No); *If entity: Provide name of entity		TD

# APPENDICES

## APPENDIX E – WARD REPORTING

[Not applicable to SDM]

## APPENDIX F – WARD INFORMATION

[Not applicable to SDM]



# APPENDICES

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
20 August 2015	<p><b>Financial overview and comparative analysis report on the unaudited annual financial statements for year ending 30 June 2015</b></p> <p><b><u>Recommendations</u></b></p> <ol style="list-style-type: none"> <li>1. THAT the contents of this report and the Audit Annual Financial Statement for the year ending 30 June 2015 be noted.</li> <li>2. THAT it be noted that there are numerous corrections and/or amendments still to be incorporated in the statements referred to in (1) above.</li> <li>3. THAT the Chief Financial Officer and the Internal Auditors (Messrs. Grant Thornton) effect the corrections and/or amendments referred to in (2) above accordingly.</li> <li>4. THAT once the corrections and/or amendments mentioned in (2) and (3) above have been effected as stated in (3) above, the Municipal Manager should arrange a teleconference for members of the Audit Committee to consider the revised Unaudited Annual Financial Statements on 25 August 2015</li> <li>5. THAT subsequent to (4) above, the amended statements be submitted for consideration to the meeting of Sedibeng District Council to be held on 26 August 2015</li> </ol>	Yes



# APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p><b>Summary report of the 2014/15 auditor-general's key controls dashboard</b></p> <p><b><u>Recommendations</u></b></p> <ol style="list-style-type: none"> <li>1. THAT the contents of the report pertaining to the key controls dashboard for the financial year 2014/15 be noted.</li> <li>2. THAT the Internal Auditors (Messrs. Grant Thornton) should consolidate the key controls for the entire financial year and submit a year end close-out key controls dashboard to the Auditor-General.</li> </ol> <p><b>Sedibeng revised IDP framework and process plan for 2016/17 IDP</b></p> <p><b><u>Recommendations</u></b></p> <ol style="list-style-type: none"> <li>1. THAT the Revised Sedibeng IDP Framework and Process Plan for the 2016/17 be noted and submitted to Council for approval.</li> </ol> <p><b>Draft Annual Report: 2014/2015 Financial Year</b></p> <p><b><u>Recommendations</u></b></p> <ol style="list-style-type: none"> <li>1. THAT the contents of this report pertaining to the Draft Annual Report and the Unaudited Annual Performance Report be noted.</li> <li>2. THAT due to the fact that the Internal Auditors had not finalized the audit of both the Fourth Quarter Performance Report and the Unaudited Annual Performance Report as there were discrepancies in the submission of portfolio of evidence, the Chief Operations Officer ensures that the said audit is completed</li> </ol>	

# APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p>on/or before 25 August 2015.</p> <p>3. THAT once the audit in (2) above has been completed the revised Unaudited Annual Performance Report together with the Draft Annual Report be submitted to members of the Audit Committee for consideration at the teleconference to be held on 25 August 2015.</p> <p><b>Report on the 2015/2016 Risk management Strategic Support Plan (SSP)</b></p> <p><b><u>Recommendations</u></b></p> <p>1. THAT the contents of this report pertaining to the Risk Management Strategic Support Plan (SSP) for the financial year 2015/2016 submitted by the Gauteng Provincial Treasury, be noted.</p> <p>2. THAT the Municipal Manager ensures that risk management be included as one of the key performance areas for all Section 57 officials.</p> <p>3. THAT the Municipal Manager be requested to add risk management as a standing item on the agenda of MANCO meetings.</p> <p>4. THAT the Municipal Manager submits a report on actions management intends taking on deficiencies identified by the Provincial Treasury in its report as well as on the SSP for the financial year 2015/2016.</p> <p>5. THAT it be noted that the Acting Chairperson of the Audit Committee is also the Chairperson of the Risk Management Committee.</p> <p>6. THAT in view of (5) above, it be noted that</p>	

# APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p>the Acting Chairperson of the Audit Committee referred to in (5) above becomes conflicted as he is expected to submit reports of the Risk Management Committee to the Audit Committee which he is the Chairperson of.</p> <p>7. THAT as a consequence of (6) above the Audit Committee should consider reconstituting the Risk Management Committee.</p> <p><b>Internal Audit Reports</b></p> <p><b><u>Recommendations</u></b></p> <ol style="list-style-type: none"> <li>1. THAT the contents of this report pertaining to the Internal Audit Reports be noted.</li> <li>2. THAT it be noted that the Internal Auditors will meet with management to consider portfolio of evidence on the Fourth Quarter Performance Report.</li> <li>3. THAT it be noted that subsequent to (2) above the Internal Auditors should finalize the audit of the Fourth Quarter Performance Report referred to in (2) above and circulate it to members of the Audit Committee and management.</li> <li>4. THAT Internal Auditors circulate the outcome of the audit referred to in (3) above to members of the Audit Committee.</li> <li>5. THAT the licensing and registration review report submitted by the Internal Auditors be deferred for consideration at the next meeting.</li> </ol> <p><b>Quarter 4 Performance Progress Report:2014/2015</b></p>	



# APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<b>Financial year</b>  <u><b>Recommendations</b></u>  1. THAT the Fourth Quarter Performance Report for the 2014/2015 financial year be withdrawn.	
24 November 2015	<b>Financial Overview and Comparative Analysis Report on the Audited Annual Financial Statements for year ending 30 June 2015</b>  <u><b>Recommendations</b></u>  1. THAT it be noted the comparative analysis report with the Audited Annual Financial Statements for the year ending 30 June 2015 was reviewed by the Committee in line with Section 166 of the MFMA.  2. THAT the Municipal Manager implements a revenue enhancement strategy to deal with the decline in revenue for the municipality.  <b>Progress Report as at 30 April 2015 on Action Plan on Auditor-General's report for the Financial year ended 30 June 2015</b>  <u><b>Recommendations</b></u>  1. THAT the Auditor-General Action Plan 2015/2016 attached as Annexure "A" to the report, be noted.  2. THAT members of the Audit Committee should submit inputs and/or amendments on the Action Plan referred to in (1) above to the Chief Financial Officer for incorporation therein.  <b>Auditor-General's Report on the Financial</b>	Yes

# APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p><b>Statements and performance Information: 2014/2015 Financial Year</b></p> <p><b><u>Recommendations</u></b></p> <ol style="list-style-type: none"> <li>1. THAT the Auditor-General's report on the financial statements and performance information of Sedibeng District Municipality for the 2014/2015 financial year, attached as Annexure "A" to the report, be noted.</li> <li>2. THAT the Municipal Manager or his nominee be hereby delegated to invite the Auditor-General to the Ordinary Council Meeting at which this report will be tabled in terms of MFMA Section 130 (1) a, b (2), as referred to in the report.</li> <li>3. THAT the Municipal Public Accounts Committee be hereby delegated to follow up and evaluate all issues contained in the Auditor-General's Report and table their findings or/and recommendations within two months (60days) from the date on which the Auditor-General's Reports is tabled before Council, as referred to in (2) above.</li> <li>4. THAT the Audit Committee accepts the Auditor-General Report seeing that there were no disputes between the Auditor-General and Management and that it should be submitted to Council for approval.</li> <li>5. THAT the Audit Committee be invited to attend the meeting of the Council where the report referred to in (1) above will be tabled.</li> <li>6. THAT the Audit Committee tables its report to</li> </ol>	

# APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	the meeting referred to in (5) above.	
03 February 2016	<p><b>Adjustment Budget for the 2015/2016 Financial year</b></p> <p><b>Recommendations</b></p> <ol style="list-style-type: none"> <li>1. THAT the 2015/2016 adjustment budget be noted.</li> <li>2. THAT it be noted that the Audit Committee concurs with the measures and controls Management has put in place in the management of the budget.</li> <li>3. THAT it be noted that the Audit Committee notes that the income relied on in the adjustment budget are projections based on the trend.</li> <li>4. THAT it be noted that the Audit Committee notes with concern that the deficit of the revenue has increased from R6 015 365.00 in 2014/2015 to R13 478 690.00 in the adjustment budget for 2015/2016.</li> </ol> <p><b>Midyear Organisational Performance Report 2015/16</b></p> <p><b>Recommendations</b></p> <ol style="list-style-type: none"> <li>1. THAT the contents of this report with the attached Annexure "A" pertaining to Mid-Year Performance Report of the Sedibeng District Municipality be noted.</li> <li>2. THAT the report referred to in (1) above be re-submitted to the Audit Committee after being audited by the Internal Auditors (Messrs Grant</li> </ol>	Yes



# APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p>Thornton).</p> <p>3. THAT Management ensures that the report referred to in (1) and (2) above is complete and auditable before it is subjected to the audit alluded to in (2) above.</p> <p><b>Quarter 1 Progress Report: 2015/2016 Financial year</b></p> <p><b>Recommendations</b></p> <p>1. THAT the contents of the report pertaining to Quarter 1 Progress Report 2015/2016 Financial Year, be noted.</p> <p>2. THAT the report referred to in (1) above be re-submitted to the Audit Committee after being audited by the Internal Auditors (Messrs Grant Thornton).</p> <p>3. THAT Management ensures that the report referred to in (1) and (2) above is complete and auditable before it is subjected to the audit alluded to in (2) above.</p> <p><b>Quarter 2 Progress report: 2015/2016 financial year</b></p> <p><b>Recommendations</b></p> <p>1. THAT the contents of the report pertaining to Quarter 2 Progress Report 2015/2016 Financial Year, be noted.</p> <p>2. THAT the report referred to in (1) above be re-submitted to the Audit Committee after being audited by the Internal Auditors (Messrs Grant Thornton).</p> <p>3. THAT management ensures that the report</p>	

# APPENDICES

## Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	referred to in (1) and (2) above is complete and auditable before it is subjected to the audit alluded to in (2) above	

## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

### 1. LEGAL AND SUPPORT SERVICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date
	Britfire	Service and maintenance of Fire detection system	R11 812.40 per quarter for each service.	3 years	1/1/2016 to 31/12/2019.
	Quidity	Electronic Management of document and work-flow system.	R90 138.00 pa. R7 511.46 monthly license fee.	Annually.	License fees and maintenance agreement.
	Konica Minolta	Lease of photo copying machines.	R90 000 pa.  Bizhub 951 is being charged at 4 cents per copy (black and white) whilst the Bizhub C654e is being charged at 49 cents per copy per colour and 6.3 cents per black and white copy.	3 years	29/04/2014 to 28/04/2017
	Konica Minolta	Maintenance of photo copying machine.	Bizhub 1050 under Contract No.: 8/2/2/14-2014	1 year	2/12/2014 to 1/12/2015
	Securelink	Telecommunication system	R245 000,00 monthly (depending on usage)	3 years	3/11/2014 to 31/10/17



# APPENDICES

## 2. FACILITIES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date
1.	Vereeniging Trust on behalf of Alhilal investment	Lease of City Centre building 1 <sup>st</sup> and 2 <sup>nd</sup> Floor	R265 348.81pm  Refer to comments	3 yrs	01/11/2015  To 30/10/2018
2.	Vereeniging Trust	Lease of Ventura Mansions	R52 487.51pm  Refer to comments	3yrs	01/11/2015  To 30/10/2018
3.	Mafoko Security Patrols	Providing security services on all Council properties.	Contracted amount R30 399 137.28 for 3 years VAT excl  -R844 420.48 pm.  Amounts paid ex VAT: July- R 1 067 086.11  Aug-R1 216 478.16 Inc. VAT	3 years	1 July 2014 -30 June 2017

# APPENDICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date
			<p>Sept- R R1 216 478.16 Inc. VAT</p> <p>Oct- R 1 152 103.64</p> <p>Inc. VAT</p>		
4.	Insig Motors PTY LTD	Purchase of fuel and oil.	<p>Allocated budget</p> <p>R 1 324 335.00 P/A</p> <p>November</p> <p>R 106 799.80</p> <p>December 2015</p> <p>R 57 994.97</p> <p>January 2015</p> <p>R 7557.37</p>	3 years	15 Jan 2014 to 14 January 2017.
5.	Rentokil Initial (Pty) Ltd	Hygienic services at various offices.	<p>R56 117.53 pm.</p> <p>The contract is "flexible" in relation to sites ie if there is a new site it is added and if a site is discontinued it is taken off. Eg. Mphatlatsane</p>	Initial period - 3yrs	Started 01 February 2009 to 01 March 2012. Contract cancelled 30 Nov

# APPENDICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date
			theatre which is no longer being serviced.		2015
6.	Vaal Triangle Fire Services	Supply and repair of firefighting equipment.	Rates per item charged when serviced, as per contract.	2yrs	18 /9/2013 to 17/9/2015
7.	Otis	Maintenance service of lifts	R1 900 pm	5 yrs	2007 to 2012.  A month to month contract is in place.
8.	ABSA	Supply and delivery of motor vehicles, light and heavy commercial vehicles, buses and motor cycles to the state (lease contract)	R902 597.40 pa  R25 072.15 pm linked to prime.  R 26 080.58 is currently paid P/M.	3 yrs	September 2012 to September 2015
9.	Fleet Horizon Solutions	Fleet Management services (Integrated Fleet Management Services, Lease, Tracking )	R46 248.09 monthly management fee for 38 vehicles  Mercedes C180 Lease R14 331.12 linked to prime rate	3 yrs	1 Sept 2015 to 31 Aug 2018



# APPENDICES

## 3. UTILITIES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date
1.	HJD Electricals	Maintenance of market roller doors and sliding gates.	About R2 736 pm depending on call-outs per month. Does not exceed R 50 000 pa		2007 & extended on a month to month basis pending the outsourcing of the FPM.
2.	Schindler lifts	Maintenance of lifts at the Fresh Produce Market.	R4 634.53 pm.		Currently month to month
3.	Fresh Mark Systems (Sole supplier)	Software maintenance.	R4 5908.70 pm.		Currently month to month
4.	Instant Services and Repairs	Maintenance of cold storages and ripening room.	+~ R 9 350 pm depending on the number of call-outs.		Currently month to month
5.	Prokon Sole supplier	Quality inspection of fresh produce consigned to NFPM's	R 5 437.42 pm		Currently month to month
6.	Lesedi Municipality	Lease of : - Heidelberg Taxi Rank. - Shalimar Ridge Taxi Rank. - Heidelberg Airport.	R1 000 pm  R1 000 pm R2 510 pm	Initial period -3yrs	Addendum in place extending the leases on a month to month basis.
7.	Emfuleni Local Municipality	Lease agreements for: - Bophelong Taxi Rank	R1 000 pm	3yrs	Month to month addendum in place.

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No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date
8.	Phalipa Trading	Plumbing services for Bophelong Intermodal Taxi Facility	R199 814.63	6 months	2/9/2015 to 3/3/2016
			R400 157.00	2 months	1/03/2016 to 31/05/2016
9.	J.K. Mashishi Electrical	Electrical reticulation	R394 208.40	6 months	2/9/2015 to 3/3/2016

## 4. HUMAN RESOURCES DEPARTMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Solstice Network CC	Contract 79/12: Provision of accredited National Treasury Minimum Competency Regulations Training	Price per Unit Standard per participant:  Training – R4 750  RPL Assessment - R3 000.	1 year	29/06/2013 to 12/2015.  Extended to March 2016.
2.	Shosholoza	To offer personal financial rescue plans employees	At no cost to Council.	3 years	1/09/2014 to 30/08/2017
3.	AFN Financial Services	To render ongoing advice and intermediary services to its employees` medical aid requirements	At no cost to council.	1 year	1/12/2014 to 30/11/2015

# APPENDICES

## 5. IT DEPARTMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Netplus 8/2/2/10-2015	Network cabling and repairs	On demand budget 2015/2016  R645 930.	2 years, year on year	1/08/2015 to 31/07/2017
2.	Business Connexion 828 J1, 828 I11	Server maintenance & service.	R 113 073.60 pa	3 years	29/01/2016 to 28/01/2017
3.	Amtronics CC 8/2/2/11-2014	Computer hardware	On demand Budget 2015/2016  R1 million.	Max 3 years, renewed yearly.	1/08/2015 to 31/07/2018
4.	Diamond Corner 8/2/2/57-2011	Supply of mobile data.	R 2 376 000 pa	2 yrs	26/06/2012 to 5/06/2014 Extended on a month to month basis.
5.	Amysa Stationers CC  8/2/2/9-2015  (Rotational panel of 3 vendors)	Supply and delivery of original printer cartridges	On demand budget 2015/2016  R 1 300 000.	3 years	1/08/2015 to 31/07/2018
6.	Palmerton Cartridges CC  8/2/2/9-2015	Supply and delivery of original printer cartridges	On demand budget 2015/2016  R 1 300 000.	3 years	1/08/2015 to 31/07/2018



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No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
	(Rotational panel of 3 vendors)				
7.	Neo Technologies 8/2/2/9-2015  (Rotational panel of 3 vendors)	Supply and delivery of original printer cartridges	On demand budget 2015/2016  R 1 300 000.	3 years	1/08/2015 to 31/07/2018
8.	VPN Technologies  (Review)	IT Networking Engineering Support and Internet services	On demand budget 2015/2016  R420 000.	3 years	25/06/2013 to 24/06/2016
9.	Batloung Technologies	Repair and maintain Council printers	On demand budget 2015/2016 R 162 146.	3 years	1/09/2013 to 31/08/2016
10.	Securelink 8/2/2/37-2014	Supply and installation of Fibre Optic Cabling	R8 445 108.59	12 months	1/05/2015 to 30/04/2016
11.	Eksteen & Le Roux 8/2/2/38-2014	Transaction Advisory Services relating to the Underground Optic Fibre Communications Network	R705 664.74  Budget on track	12 months	26/05/2015 to 25/05/2016
12.	Global Access 8/2/2/13-2014	Supply of Audio Visual and Broadcasting Services	On demand budget from various vote numbers across departments.	12 months  as and when required	25/05/2015 to 24/05/2016
13.	Eset Southern	Anti-virus support	R 83,694.24	1 year	15/8/2015 to 14/8/2016

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No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
	Africa				
14.	Payday Software (PTY) LTD	Time and attendance software	R 253,775.40	Project specific	1/02/2016 to 30/06/2016

## 6. FINANCE

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Standard bank	Commercial banking Services.	Use account as and when need arises.	3 yrs	01/07/2013 to 30/06/2016
2.	Lateral unison insurance	Short term insurance.	R1 241 213 VAT Included, reviewable after each of the 3 years.	3 yrs	1/07/2015 to 30/06/2018
3.	Business Connexion	Maintenance of the Venus System	R307 850	Annual	Annual license fee
4.	Payday	Supply Software	R156 967.74 pa	Annual	Annual license fee payable every July.
5.	Price Water Cooper House	Baud Asset Management System	Based on quotation if the system requires maintenance	Annual	Annual license fee.

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No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
6.	CQS Technology	Case View for software to prepare financial statements.	R 87 415.20 pa	Annual	Annually payable in February of each year.
7	MaxProf	VAT review and recovery	15% of all VAT recovered.	3 years	05/2014 to 05/2017
8.	S-Group	Comprehensive Professional Services for Raising of donor Funds For the Boipatong Wetlands Rehabilitation Project	R193 000	6 months	29/01/2015 to 30/07/2015
9.	Panel of 6 Service Providers,  1.Back to Front Enterprise,  2.Ithambalethu Cleaning & Multi projects,  3.Liyasibekela Trading 7 Projects,  4.Mpule Sekedi trading,  5.Pitsi ya Naga Trading,  6. Stsedi Construc. & Projects.	Supply and delivery of office refreshments	As per tariff quoted by each Service Provider	12 months	4/01/2016 to 3/01/2017



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No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
10.	Panel of 6 Service Providers,  1.Frans Nelson Academy,  2.Hepit Trading & Projects,  3.Inkoleko Trading 767,  4.Kananelo Trading,  5.Money Box Investment  6.Tiflins Trading Enterprise	Supply and delivery of cleaning materials	As per tariff quoted by each Service Provider	12 months	4/04/2016 to 3/01/2017
11	Panel of 6 Service Providers,  1.Delmarg Enterprise,  2.Tholoana Tsa Tokoloho Business Enterprise,  3.Tshimuni Projects  4.Jack and Jill	Supply and delivery of stationery	As per tariff quoted by each Service Provider	12 months	4/01/2016 to 3/01/2017

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No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
	Multimedia & Electronics  5. Grant Tiflins Enterprises,  6. Pen On Paper Distributors				

## COMMUNITY SERVICES

### 1. SPORT & RECREATION

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1	Tenant -New Covenant Church(Lessee)	Leasing of the Vereeniging theatre to tenant.	R15 000,00 pm	12 months	03/2014 to 03/2015
2.	Emfuleni Local Municipality	Lease agreements for:  - Sharpeville Exhibition Center  - Sharpeville Hall  - Teknorama  - Mphatlalatsane Theater.	R1 000 pm  R1 000 pm  R1 000 pm	3yrs	07/2009 to 06/2012. Addendum extending the contracts on a month to month basis in place.

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No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
			R1 000 pm		
3.	Emfuleni Local Municipality	Lease agreement- Sharpeville Police Station	R1 000 pm	3yrs	07/2009 to 06/2012 Addendum extending the contracts on a month to month basis in place.

## 2. COMMUNITY SAFETY

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1	Securelink	Maintenance of the CCTV network.	Total value for period of 3 yrs = R5 880 000; R155 000,00 pm	3 years	15/02/2014 to 14/02/2017
2	Securelink	Installation of HDPE sleeves for the CCTV security Fibre optic cables	R790 997.72	3 years	15/02/2014 to 14/02/2017

## 3. DISASTER MANAGEMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Sysman Public Safety	Licensing of Software &	R221 863.11 pa.	3 years	1/07/2014 to



# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
	Systems (Pty) Ltd	Support.			30/06/2017
2.	Sysman Public Safety Systems (Pty) Ltd	Maintenance of Hardware	R 14 521.56 pa.	3 years	1/07/2014 to 30/06/2017
3.	Gauteng Ambulance Services	MOA for rendering of Call taking & Dispatching of Ambulance Calls	R 65 940.00 income per month	3 years	29/08/2014 to 28/08/2017
4.	Midvaal Local Municipality	Firefighting Services.	As and when services are rendered and calculated in terms of promulgated tariffs and in the prescribed format.	3 years	1/7/2013 to 30/06/2016
5.	Emfuleni Local Municipality	Firefighting Services.	As and when services are rendered and calculated in terms of promulgated tariffs and in the prescribed format.	3 years	1 July 2013 – 30 June 2016
6.	Airborne Africa	Rental of hangar space for Gyro Plane, tractor and other equipment.	R1 000.00 pm	3 years	1 July 2013 to 30 June 2016

## 4. HEALTH & SOCIAL DEVELOPMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	External Bursary	Bursary committee	R500 per sitting allowance	3 Years	02/ 20/2014 to

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
	Board Members		(Four meetings per annum)		01/02/2017
2.	Bursary Agreements	Students financial assistance	R16 000 Per learner	1 year	Annual
3.	Department of Military Veterans	To oversee and manage implementation of Government's framework and programmes on Military Veterans	None	3 years	04/2015 to 03/2018

## 5. HIV & AIDS DIRECTORATE

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Community Regeneration and Development Centre	Management of HIV&AIDS Ward-based coordinators' daily door to door educational campaigns, activities and ward-based programmes.	R 1, 879,812.	12 months	1/07/2015 to 30/06/2016
2.	Bonang Bophelo Development Organisation	Management of HIV&AIDS Ward-based coordinators' daily door to door educational campaigns, activities and ward-based programmes.	R 4 812 852 for the year	12 months	1/07/2015 to 30/06/2016

# APPENDICES

## CLUSTER - SPED

### 1. PLANNING & SPECIAL PROJECTS

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	MDQ JV & PARTNERS	Professional services for Sebokeng Cultural Precinct	R2, 460,164.86	20 months	27/02/2013 to 30/08/2015  Extended to 31/03/2016
2.	Setjeo & Associates	Marketing & Branding Consultant	R650 000 pa	12 months	25/05/2015 to 24/05/2016
3.	Khaya Electronics	For the provision of Communication, Media and Publicity Support to the municipality on Special Projects	R912 000	12 months	05/2015 to 05/2016



# APPENDICES

## 2. ECONOMIC DEVELOPMENT & TOURISM

There are currently no contracts running under this directorate.

## 3. PLANNING & HOUSING PROJECTS

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Rafique Baba Attorneys	Verifications, registration and transfer of individual ervens in Sebokeng and Evaton.	An amount of R2 736-00 to be paid for verifications and R2 052-00 to be paid for registration and transfer. Funding received from Province	2 years	06/2015 to 06/2017
2.	Reabusa Construction Supplies	Construction of Community Park and Sidewalks in Sebokeng Zone 14	R3 927 127.58		05/2015 to 07/2015  An addendum has been developed extending the contract until 15 March 2016
3.	JK Mashishi Electricals	Construction of Community Park and Sidewalks in Sebokeng Zone 14	R2 902 440 for Installation of Street lights.  Construction of Community Park R3 927 127.58	3 months	22/05/2015 to 18/08/2015 Project extended from the 18/08/2015 to 30/09/2015

# APPENDICES

## CLUSTER - TRANSPORT, INFRASTRUCTURE & ENVIRONMENT

### 1. TRANSPORT, INFRASTRUCTURE & DEVELOPMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Blue Sands trading 106 cc	Upgrading of Jameson Park Sports Facilities	R1,474 653.70 for entire project  Outstanding money paid.	6 Months	5/06/2013 to 9/12/ 2013
2.	Blue Sands Trading 106 cc	Upgrading of Impumelelo Sports Facilities	R1 826 403.14 for entire project	6 Months	18/06/2013 to 15/12/ 2013 (Extension was approved to 30/01/2015)

### 2. LICENCING MANAGEMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Lesedi Municipality	Lease of :  - Lesedi Licensing.  - Lesedi Testing Station.	R70 476 pm  R1 000 pm	Initial period - 3yrs	Addenda prepared extending the leases on a month-to-month basis.
2.	Emfuleni Local Municipality	Lease agreements for:  - Vereeniging License and Testing  - Vanderbijlpark License and Testing	R1 000 pm  R1 000 pm	Initial period - 3yrs	Addenda prepared extending the leases on a month-to-month basis.

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
3.	Midvaal Municipality	Lease of: - Meyerton Licensing and Testing.	R16 600 pm	2 yrs	1/07/2013 to 30/06/2016
4.	Sedibeng District Municipality/ Gauteng Dept. Roads and Transport GDRT)	Agency agreement for the operation of the licensing centres in Sedibeng.	Approximately 20% of the all fees collected is retained by the SDM and the rest paid over to GDRT	5 years	29/06/2012 to 28/06/2017

## 3. ENVIRONMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Local Municipalities obo the SDM	Agency Agreement for the rendering of Municipal Health Services	Differs from municipality to municipality.  Total approved budget for 2014/15 is R16,764,249	1 year	1/07/2015 to 30/06/2016
2.	Zanokuhle Services	Meyerton -Air Quality Monitoring station maintenance and repairs	R748 796.46	16 months	1/09/2014 to 30/12/2015. An addendum has been developed & signed by the MM extending the contract until 29/02/2017.
3.	Habitat Landscape	Boipatong Wetland	R299 911.20	10	1/06/2015 to 31/03/2016



# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
	Architects	rehabilitation		months	

## MUNICIPAL MANAGER'S OFFICE

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date
1.	Grant Thornton (Pty) Ltd  Technical Evaluation 3/12/2014	Performance of internal audit function for the municipality	R1 191 936 VAT incl.	1 year	1/03/2015 to 29/02/2016 with an option to renew for a further 6 months.
2.	The Oliphant Institute of Learnership	Youth Development Programme	R100 000 for the entire contract	3 years	4/03/2014 to 3/03/2017
3	Vision Activ	Diagnostic analysis project for the municipality. The project is divided into 4 phases and the service provider has already completed the 2 <sup>nd</sup> phase. The date for the 3 <sup>rd</sup> phase is still to be determined.	R790, 000.00	12 months	1/07/2015 to 30/06/2016

# APPENDICES

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

### 1. LEGAL AND SUPPORT SERVICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
	Britfire	Service and maintenance of Fire detection system	R11 812.40 per quarter for each service.	3 years	1/1/2016 to 31/12/2019.	New contract entered into after due supply chain processes. Implementation proceeding well.
	Quidity	Electronic Management of document and work-flow system.	R90 138.00 pa. R7 511.46 monthly license fee.	Annually.	License fees and maintenance agreement.	License agreement being finalized.  A window-shopping exercise was conducted which revealed that the cost of procuring another system is way above and beyond the means of council. This was done in an effort to determine what else was available on the market. The current system is doing well; the problem has been that it is not being used to the fullest of its capacity. Several training sessions have taken place over the years but attendance has been persistently poor, with the result that not many are able to use the system
	Konica Minolta	Lease of photo copying machines.	R90 000 pa.	3 years	29/04/2014 to 28/04/2017	Implementation proceeding well.

# APPENDICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
	Konica Minolta	Maintenance of photo copying machine.	Bizhub 951 is being charged at 4 cents per copy (black and white) whilst the Bizhub C654e is being charged at 49 cents per copy per colour and 6.3 cents per black and white copy.  Bizhub 1050 under Contract No.: 8/2/2/14-2014	1 year	2/12/2014 to 1/12/2015	A motivation for an extension of the contract has been sent to SCM for comments, prior to being sent to the MM for approval.
	Securelink	Telecommunication system	R245 000,00 monthly (depending on usage)	3 years	3/11/2014 to 31/10/17	The service provider is performing well in terms of the contract and repairs are done in an efficient manner. Turn-around time on repairs is good and a good quality workmanship is maintained.

## 2. FACILITIES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
10	Vereeniging Trust on	Lease of City	R265 348.81pm	3 yrs	01/11/2015	Contract proceeding well.



# APPENDICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
	behalf of  Alhilal investment	Centre building  1 <sup>st</sup> and 2 <sup>nd</sup> Floor	Refer to comments		To  30/10/2018	Rental amount:  Offices – R245 590 (Esc 6% p.a)  Parking – R19 758.81 (Esc 6%p.a)  Total – R265 348.81pm (1 <sup>st</sup> year)
11	Vereeniging Trust	Lease of Ventura Mansions	R52 487.51pm  Refer to comments	3yrs	01/11/2015  To  30/10/2018	Contract proceeding well.  Rental amount:  Offices – R48 017.00 (Esc 6%p.a)  Parking – R4 470.51 (Esc 6%p.a)  Total – R52 487.51pm (1 <sup>st</sup> year)
12	Mafoko Security Patrols	Providing security services on all Council properties.	Contracted amount R30 399 137.28 for 3 years VAT excl  -R844 420.48 pm.  Amounts paid ex VAT:  July- R 1 067 086.11  Aug-R1 216 478.16 Inc.	3 years	1 July 2014 - 30 June 2017	The current monthly payment is R 1 152 103.64  The payment was increased from September 2015 accordingly as a result of the annual Security Sectoral Determination increasing the workers' wages which was addressed in the SLA.

# APPENDICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
			VAT Sept- R R1 216 478.16 Inc. VAT Oct- R 1 152 103.64 Inc. VAT			Ad hoc budget allocated and centralized in Facilities, but managed by the Municipal Manager.
13	Insig Motors PTY LTD	Purchase of fuel and oil.	Allocated budget R 1 324 335.00 P/A November R 106 799.80  December 2015 R 57 994.97 January 2015 R 7557.37	3 years	15 Jan 2014 to 14 January 2017.	Contract implementation proceeding well.  Payments are made in line with monthly consumption.  The fuel supply will continue for rented vehicles & machinery containers with Insig Motors until expiry of the contract, vehicles are utilizing the Fuel cards issued by Fleet Horizon Solution as per SLA.  Cost of fuel per month varies as per consumption.
14	Rentokil Initial (Pty) Ltd	Hygienic services at various offices.	R56 117.53 pm.  The contract is "flexible" in relation to sites ie if there is a new site it is added and if a	Initial period - 3yrs	Started 01 February 2009 to 01 March 2012. Contract	Current service provider given notice to end 30 November 2015.  New service provider not appointed as yet. BAC took place on 02

# APPENDICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
			site is discontinued it is taken off. Eg. Mphatlatsane theatre which is no longer being serviced.		cancelled 30 Nov 2015	December 2015, a resolution was taken but, no appointment yet.
15	Vaal Triangle Fire Services	Supply and repair of firefighting equipment.	Rates per item charged when serviced, as per contract.	2yrs	18 /9/2013 to 17/9/2015	Contract has come to an end. New specs have been approved at BSC. Awaiting for tender to be advertised.
16	Otis	Maintenance service of lifts	R1 900 pm	5 yrs	2007 to 2012.  A month to month contract is in place.	Service continues in respect of the one lift that still works. Schindler Lifts was approached to return as service provider for the maintenance of the lifts. They provided quotations for the replacement or repair of the lifts. The cost for replacement was cheaper than to repair and therefore the budget for replacement was requested by Facilities on the 2015/2016 budget. This amount was however not approved on the budget.  The service from Messrs Otis therefore still continues on the one lift on a month-to-month basis.



# APPENDICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
17	ABSA	Supply and delivery of motor vehicles, light and heavy commercial vehicles, buses and motor cycles to the state (lease contract)	R902 597.40 pa  R25 072.15 pm linked to prime.  R 26 080.58 is currently paid P/M.	3 yrs	September 2012 to September 2015	The contract period of 36 months has come to an end, the request for restructure to extend the contract for a period of eight (8) months with the new installment estimated at R20 403.50 was sent for approval to the Accounting Officer, Approval is not granted. The car is being used without a proper contract.  Vehicle is being utilized at Emfuleni for Mayoral conveyance.
18	Fleet Horizon Solutions	Fleet Management services (Integrated Fleet Management Services, Lease, Tracking )	R46 248.09 monthly management fee for 38 vehicles  Mercedes C180 Lease R14 331.12 linked to prime rate	3 yrs	1 Sept 2015 to 31 Aug 2018	The contract implementation is proceeding well, tracking system fitted on vehicles and one lease vehicle (Mercedes Benz C180) was procured.

# APPENDICES

## 3. UTILITIES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
6.	HJD Electricals	Maintenance of market roller doors and sliding gates.	About R2 736 pm depending on call-outs per month. Does not exceed R 50 000 pa		2007 & extended on a month to month basis pending the outsourcing of the FPM.	Maintenance of market roller doors and sliding gates. Once the projects currently taking place at the FPM conclude, tender specs which have been developed already will be presented to SCM for advertisement.
7.	Schindler lifts	Maintenance of lifts at the Fresh Produce Market.	R4 634.53 pm.		Currently month to month	Schindler Lifts PTY are the sole service provider for this lift.
8.	Fresh Mark Systems (Sole supplier)	Software maintenance.	R4 5908.70 pm.		Currently month to month	Software maintenance for point of sale system at FPM. A branded software that may not be transferred to the third party. Fresh Mark Systems PTY are the sole service provider for the software.
9.	Instant Services and Repairs	Maintenance of cold storages and ripening room.	+/- R 9 350 pm depending on the number of call-outs.		Currently month to month	Maintenance of four (4) cold storages and six (6) ripening rooms. Presently these facilities are under upgrading and project end time is anticipated to be end March 2016. The service will then be advertised to acquire suitable service providers to further maintain the units.

# APPENDICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
10.	Prokon Sole supplier	Quality inspection of fresh produce consigned to NFPM's	R 5 437.42 pm		Currently month to month	Quality inspection of produce consigned to the FPM. Prokon PTY is a signee of DAFF. They are the sole service provider for this function on all national fresh produce markets.
6.	Lesedi Municipality	Lease of : - Heidelberg Taxi Rank. - Shalimar Ridge Taxi Rank. - Heidelberg Airport.	R1 000 pm  R1 000 pm  R2 510 pm	Initial period - 3yrs	Addendum in place extending the leases on a month to month basis.	Lease still on a month-to month basis.
7.	Emfuleni Local Municipality	Lease agreements for: - Bophelong Taxi Rank	R1 000 pm	3yrs	Month to month addendum in place.	Lease still on a month-to-month basis.
8.	Phalipa Trading	Plumbing services for Bophelong Intermodal Taxi Facility	R199 814.63  R400 157.00	6 months  2 months	2/9/2015 to 3/3/2016  1/03/2016 to 31/05/2016	SLA addendum being finalized.  Addendum in place and doing well.



# APPENDICES

No	Service provider	Nature of contract	Value of contract	Duration	Start & Expiry date	Comment
9.	J.K. Mashishi Electrical	Electrical reticulation	R394 208.40	6 months	2/9/2015 to 3/3/2016	SLA being finalized.

## 4. HUMAN RESOURCES DEPARTMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	Solstice Network CC	Contract 79/12: Provision of accredited National Treasury Minimum Competency Regulations Training	Price per Unit Standard per participant:  Training – R4 750  RPL Assessment - R3 000.	1 year	29/06/2013 to 12/2015.  Extended to March 2016.	The finalization of the training has been extended to March 2016 by the National Treasury. No extra financial implications and the current contract cover the process to completion at the end of March 2016.
2.	Shosholoza	To offer personal financial rescue plans employees	At no cost to Council.	3 years	1/09/2014 to 30/08/2017	There is an increase of employee's debts now being consolidated and that will necessitate an extension of SLA for employees to afford the repayment terms. A separate report will be tabled later proposing for the extension of the period of the SLA.

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
3.	AFN Financial Services	To render ongoing advice and intermediary services to its employees' medical aid requirements	At no cost to council.	1 year	1/12/2014 to 30/11/2015	A motivation will be made to the MM for the extension of the service for a further 2 years. The service rendered is valuable and does not cost council any money.

## 7. IT DEPARTMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
15.	Netplus 8/2/2/10-2015	Network cabling and repairs	On demand budget 2015/2016 R645 930.	2 years, year on year	1/08/2015 to 31/07/2017	Services delivered in terms of this tender is satisfactory.
16.	Business Connexion 828 J1, 828 I11	Server maintenance & service.	R 113 073.60 pa	3 years	29/01/2016 to 28/01/2017	Addendum signed and in place.
17.	Amtronics CC 8/2/2/11-2014	Computer hardware	On demand Budget 2015/2016 R1 million.	Max 3 years, renewed yearly.	1/08/2015 to 31/07/2018	Services delivered in terms of this tender is satisfactory.
18.	Diamond Corner 8/2/2/57-2011	Supply of mobile data.	R 2 376 000 pa	2 yrs	26/06/2012 to 5/06/2014 Extended on a month to month	Contract is currently run on a month to month basis with no new user contracts entered into.



# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
					basis.	Technical evaluation report submitted to SCM with recommendation to re-advertise the tender.
19.	Amysa Stationers CC 8/2/2/9-2015  (Rotational panel of 3 vendors)	Supply and delivery of original printer cartridges	On demand budget 2015/2016  R 1 300 000.	3 years	1/08/2015 to 31/07/2018	Service delivery on this contract is fair.
20.	Palmerton Cartridges CC 8/2/2/9-2015  (Rotational panel of 3 vendors)	Supply and delivery of original printer cartridges	On demand budget 2015/2016  R 1 300 000.	3 years	1/08/2015 to 31/07/2018	Service delivery on this contract is fair.
21.	Neo Technologies 8/2/2/9-2015  (Rotational panel of 3	Supply and delivery of original printer cartridges	On demand budget 2015/2016  R 1 300 000.	3 years	1/08/2015 to 31/07/2018	Service delivery on this contract is fair.



# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
	vendors)					
22.	VPN Technologies (Review)	IT Networking Engineering Support and Internet services	On demand budget 2015/2016 R420 000.	3 years	25/06/2013 to 24/06/2016	Troubleshooting and routing network assessments are done and the infrastructure is stable and performing adequately.
23.	Batloung Technologies	Repair and maintain Council printers	On demand budget 2015/2016 R 162 146.	3 years	1/09/2013 to 31/08/2016	The service provider is performing well in terms of the contract and repairs are done in an efficient manner. Turn-around time on repairs is good and a good quality workmanship is maintained.
24.	Securelink 8/2/2/37-2014	Supply and installation of Fibre Optic Cabling	R8 445 108.59	12 months	1/05/2015 to 30/04/2016	Progress is in-line with project plan.
25.	Eksteen & Le Roux 8/2/2/38-2014	Transaction Advisory Services relating to the Underground Optic Fibre Communications Network	R705 664.74 Budget on track	12 months	26/05/2015 to 25/05/2016	Services are provided at a satisfactory level.  Performance on this contract is linked to contract 8/2/2/37-2014.
26.	Global Access 8/2/2/13-2014	Supply of Audio Visual and Broadcasting Services	On demand budget from various vote numbers across departments.	12 months as and when required	25/05/2015 to 24/05/2016	Services provided on an as and when required basis.

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
27.	Eset Southern Africa	Anti-virus support	R 83,694.24	1 year	15/8/2015 to 14/8/2016	SLA in place and implementation proceeding well.
28.	Payday Software (PTY) LTD	Time and attendance software	R 253,775.40	Project specific	1/02/2016 to 30/06/2016	Service provider busy implementing the project.

## 8. FINANCE

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	Standard bank	Commercial banking Services.	Use account as and when need arises.	3 yrs	01/07/2013 to 30/06/2016	<p>Contract implementation proceeding well.</p> <p>Cash in transit contract finalized.</p> <p>Meeting conducted with standard bank in order to resolve on problems experience with bank deposits reversed on a regular basis and then corrected afterwards which create reconciliation challenges. Interest on accounts must be rectified as they are contradicting the tender document while bank charges must be fully investigated as the charges are too</p>



# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
						high.  No major problems experienced.  User dept. to start drafting new specifications for BSC in anticipation of the expiry of the contract in June2016.
2.	Lateral unison insurance	Short term insurance.	R1 241 213 VAT Included, reviewable after each of the 3 years.	3 yrs	1/07/2015 to 30/06/2018	Contractor re-appointed after due SCM processes.
3.	Business Connexion	Maintenance of the Venus System	R307 850	Annual	Annual license fee	The contract is proceeding well; calls are logged through the help desk and are dealt with effectively within 1 day.
4.	Payday	Supply Software	R156 967.74 pa	Annual	Annual license fee payable every July.	Regular updates are received when legislation changes. Help desk is functioning well and professionally handled.
5.	Price Water Cooper House	Baud Asset Management System	Based on quotation if the system requires	Annual	Annual license fee.	The contract is proceeding well. When assistance is required the problems are resolved within 1 day.



# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
			maintenance			
6.	CQS Technology	Case View for software to prepare financial statements.	R 87 415.20 pa	Annual	Annually payable in February of each year.	Regular upgrades are provided in order to be GRAP compliant. Assistance is provided through the service provider's help desk.
7	MaxProf	VAT review and recovery	15% of all VAT recovered.	3 years	05/2014 to 05/2017	<p>Implementation proceeding</p> <p>Training was done with relevant employees and a final audit conducted for the 5 year period on all VAT transaction. An amount of R 609 740.65 was recovered from SARS.</p> <p>Next review exercise will be in January 2016, after the audit report has been submitted.</p>
8.	S-Group	Comprehensive Professional Services for Raising of donor Funds For the Boipatong Wetlands Rehabilitation Project	R193 000	6 months	29/01/2015 to 30/07/2015	<p>Contract implementation is proceeding well.</p> <p>Extension tied with contract for Habitat. S-Group delivered except for the last steps.</p> <p>Habitat Landscape purchase order 0001032764 was issued on 22</p>

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
						January 2016. S-Group can only conclude remainder of work following the execution of work by Habitat Landscape (at no further financial implications). Habitat has to prepare the business plan for the rehabilitation, which S-Group will then use for the sourcing of funds.
9.	Panel of 6 Service Providers,  1.Back to Front Enterprise,  2.Ithambalethu Cleaning & Multi projects,  3.Liyasibekela Trading 7 Projects,  4.Mpule Sekedi trading,  5.Pitsi ya Naga Trading,  6. Stsedi Construc.	Supply and delivery of office refreshments	As per tariff quoted by each Service Provider	12 months	4/01/2016 to 3/01/2017	The agreements have been send to the MM for signature.

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
	& Projects.					
10.	Panel of 6 Service Providers,  1.Frans Nelson Academy,  2.Hepit Trading & Projects,  3.Inkoleko Trading 767,  4.Kananelo Trading,  5.Money Box Investment  6.Tiflins Trading Enterprise	Supply and delivery of cleaning materials	As per tariff quoted by each Service Provider	12 months	4/04/2016 to 3/01/2017	The agreements have been send to the MM for signature.
11	Panel of 6 Service Providers,  1.Delmarg Enterprise,  2.Tholoana Tsa Tokoloho Business	Supply and delivery of stationery	As per tariff quoted by each Service Provider	12 months	4/01/2016 to 3/01/2017	The agreements have been send to the MM for signature.



# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
	Enterprise, 3.Tshimuni Projects 4.Jack and Jill Multimedia & Electronics 5.Grant Tiflins Enterprises, 6.Pen On Paper Distributors					

## COMMUNITY SERVICES

### 1. SPORT & RECREATION

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
2	Tenant -New Covenant Church(Lessee)	Leasing of the Vereeniging theatre to tenant.	R15 000,00 pm	12 months	03/2014 to 03/2015	Lease continuing on a month-to month basis.
2.	Emfuleni Local Municipality	Lease agreements for:  - Sharpeville Exhibition	R1 000 pm	3yrs	07/2009 to 06/2012. Addendum extending the contracts on a month to month	Leases continue on a month-to-month basis.

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
		Center - Sharpeville Hall - Teknorama - Mphatlalatsane Theater.	R1 000 pm R1 000 pm R1 000 pm		basis in place.	
3.	Emfuleni Local Municipality	Lease agreement- Sharpeville Police Station	R1 000 pm	3yrs	07/2009 to 06/2012 Addendum extending the contracts on a month to month basis in place.	Lease continues on a month-to-month basis.

## 2. COMMUNITY SAFETY

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
3	Securelink	Maintenance of the CCTV network.	Total value for period of 3 yrs = R5 880 000; R155 000,00 pm	3 years	15/02/2014 to 14/02/2017	Services satisfactory and within budget.
4	Securelink	Installation of HDPE sleeves for the CCTV security Fibre optic cables	R790 997.72	3 years	15/02/2014 to 14/02/2017	Installation of HDPE sleeves completed.



# APPENDICES

## 3. DISASTER MANAGEMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	Sysman Public Safety Systems (Pty) Ltd	Licensing of Software & Support.	R221 863.11 pa.	3 years	1/07/2014 to 30/06/2017	Contract implementation proceeding well.
2.	Sysman Public Safety Systems (Pty) Ltd	Maintenance of Hardware	R 14 521.56 pa.	3 years	1/07/2014 to 30/06/2017	Contract implementation proceeding well.
3.	Gauteng Ambulance Services	MOA for rendering of Call taking & Dispatching of Ambulance Calls	R 65 940.00 income per month	3 years	29/08/2014 to 28/08/2017	Province sent notice of termination of contract at the end of February 2016 as they are ready to render the service themselves.
4.	Midvaal Local Municipality	Firefighting Services.	As and when services are rendered and calculated in terms of promulgated tariffs and in the prescribed format.	3 years	1/7/2013 to 30/06/2016	The contract is an agency agreement and is currently running smoothly. Midvaal is charging SDM a flat rate of R1140 .00 per call. The only challenge with this contract is that it cannot be known how many fire incidents are going to occur in a relevant financial year therefore making it difficult to budget.
5.	Emfuleni Local	Firefighting	As and when services are rendered and	3 years	1 July 2013 – 30 June	The contract is an agency agreement and is currently running smoothly. The only



# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
	Municipality	Services.	calculated in terms of promulgated tariffs and in the prescribed format.		2016	challenge with this contract is that it cannot be predicted how many fire incidents are going to occur in a relevant financial year therefore making it difficult to budget.
6.	Airborne Africa	Rental of hangar space for Gyro Plane, tractor and other equipment.	R1 000.00 pm	3 years	1 July 2013 to 30 June 2016	This contract is currently running smoothly.

## 4. HEALTH & SOCIAL DEVELOPMENT

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	External Bursary Board Members	Bursary committee	R500 per sitting allowance (Four meetings per annum)	3 Years	02/ 20/2014 to 01/02/2017	No problems in implementation reported.
2.	Bursary Agreements	Students financial assistance	R16 000 Per learner	1 year	Annual	34 students awarded bursaries at R16 000 each. Contracts signed with each and results closely followed up.
3.	Department of Military	To oversee and manage implementation of Government's	None	3 years	04/2015 to	No problems reported.

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
	Veterans	framework and programmes on Military Veterans			03/2018	

## 5. HIV & AIDS DIRECTORATE

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	Community Regeneration and Development Centre	Management of HIV&AIDS Ward-based coordinators' daily door to door educational campaigns, activities and ward-based programmes.	R 1, 879,812.	12 months	1/07/2015 to 30/06/2016	The contract is running smoothly and it is in its last six months
2.	Bonang Bophelo Development Organisation	Management of HIV&AIDS Ward-based coordinators' daily door to door educational campaigns, activities and ward-based programmes.	R 4 812 852 for the year	12 months	1/07/2015 to 30/06/2016	The contract is running smoothly and it is in its last six months



# APPENDICES

## CLUSTER - SPED

### 1. PLANNING & SPECIAL PROJECTS

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	MDQ JV & PARTNERS	Professional services for Sebokeng Cultural Precinct	R2, 460,164.86	20 months	27/02/2013 to 30/08/2015  Extended to 31/03/2016	<ul style="list-style-type: none"> <li>The SLA between SDM and MDQ JV and PARTNERS has ended on the 30 August 2015.</li> <li>An Addendum was drafted for extension of the contract for the duration of the anticipated project completion by the contractors to the 15<sup>th</sup> October 2015.</li> <li>A meeting between MDQ JV and Partners was held on the 20<sup>th</sup> October 2015 after realizing that the professional team is not prepared and willing to sign the proposed addendum and the amicable decision was reached between the two parties whereby MDQ was to develop a quotation and a detailed works programme to be send to the office of the Executive Director for endorsement and approval if acceptable.</li> <li>MDQ JV and Partners then issued SDM with an estimated amount of R254 000 for SLA addendum proposals fees which covers for the period from 19 August to 30</li> </ul>



# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
						<p>October 2015.</p> <ul style="list-style-type: none"> <li>We then requested Emfuleni IPAM department to assist with regard to the proposed fees in which Emfuleni came to the fore at the end of November 2015 and to date.</li> <li>We are awaiting Emfuleni team of engineers to report back to the ED for way forward in terms of the meeting that took place between MDQ and SDM regarding the extension of professional fees or addendum.</li> </ul>
2.	Setjeo & Associates	Marketing & Branding Consultant	R650 000 pa	12 months	25/05/2015 to 24/05/2016	Contract implementation is proceeding well.
3.	Khaya Electronics	For the provision of Communication, Media and Publicity Support to the municipality on Special Projects	R912 000	12 months	05/2015 to 05/2016	Contract implementation is proceeding well.

# APPENDICES

## 2. ECONOMIC DEVELOPMENT & TOURISM

There are currently no contracts running under this directorate.

## 3. PLANNING & HOUSING PROJECTS

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	Rafique Baba Attorneys	Verifications, registration and transfer of individual ervens in Sebokeng and Evaton.	An amount of R2 736-00 to be paid for verifications and R2 052-00 to be paid for registration and transfer. Funding received from Province	2 years	06/2015 to 06/2017	Problems with the beneficiary list and whether it should be fixed by Province or the service provider.
2.	Reabusa Construction Supplies	Construction of Community Park and Sidewalks in Sebokeng Zone 14	R3 927 127.58		05/2015 to 07/2015  An addendum has been developed extending the contract until 15 March 2016	Contract implementation is proceeding well.  Behind time – penalties recommended by MDQ to be implemented.
3.	JK Mashishi Electricals	Construction of Community Park and Sidewalks in	R2 902 440 for Installation of Street lights.	3 months	22/05/2015 to 18/08/2015 Project extended	<ul style="list-style-type: none"> <li>Installation of the Street lights is at 100% complete awaiting for the professional team to issues a</li> </ul>

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
		Sebokeng Zone 14	Construction of Community Park R3 927 127.58		from the 18/08/2015 to 30/09/ 2015	<p>technical payment certificate but due to the contractual agreement between SDM and MDQ this has stalled the process of the anticipated project completion date.</p> <ul style="list-style-type: none"> <li>• Construction of Community Park is at 97% of the anticipated completion however due to the outstanding contractual agreement between the professional team and SDM the work is not overseen and assessed properly and no clear answers from the contractor given regarding technical work on site.</li> <li>• Also the contractor has formally requested a certificate of practical completion and waiver of penalties because the park is already utilized by children around the area before official hand over by the contractor to the municipality.</li> </ul>



# APPENDICES

## **CLUSTER - TRANSPORT, INFRASTRUCTURE & ENVIRONMENT**

### **1. TRANSPORT, INFRASTRUCTURE & DEVELOPMENT**

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	Blue Sands trading 106 cc	Upgrading of Jameson Park Sports Facilities	R1,474 653.70 for entire project  Outstanding money paid.	6 Months	5/06/2013 to 9/12/ 2013	Project completed and in retention till May 2016.
2.	Blue Sands Trading 106 cc	Upgrading of Impumelelo Sports Facilities	R1 826 403.14 for entire project	6 Months	18/06/2013 to 15/12/ 2013 (Extension was approved to 30/01/2015)	Project completed and in retention till May 2016.

### **2. LICENCING MANAGEMENT**

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	Lesedi Municipality	Lease of :  - Lesedi Licensing.  - Lesedi Testing Station.	R70 476 pm  R1 000 pm	Initial period - 3yrs	Addenda prepared extending the leases on a month-to-month basis.	Lease still operates on a month-to-month basis.
2.	Emfuleni Local	Lease agreements for:		Initial period -	Addenda prepared	Lease still operates on a month-to-

# APPENDICES

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
		Services	budget for 2014/15 is R16,764,249			
2.	Zanokuhle Services	Meyerton -Air Quality Monitoring station maintenance and repairs	R748 796.46	16 months	1/09/2014 to 30/12/2015. An addendum has been developed & signed by the MM extending the contract until 29/02/2017.	The equipment procured through this contract have been supplied but not installed. The SLA will be extended for 14 months to cater for installation, commissioning and 12 months maintenance contract. The delay on the project related to unforeseen circumstances including vandalism of the station.
3.	Habitat Landscape Architects	Boipatong Wetland rehabilitation	R299 911.20	10 months	1/06/2015 to 31/03/2016	After long delays a purchase order was issued on the 24 January 2016. The service provider is expected to proceed with the project. Due to the delay in the issuing of the purchase order there is going to be a need to extend this contract. The date of the meeting with the Service Provider to discuss the issue of extension is still to be determined

# APPENDICES

## MUNICIPAL MANAGER'S OFFICE

No	Service provider	Nature of Contract	Value of contract	Duration	Start & Expiry date	Comment
1.	Grant Thornton (Pty) Ltd  Technical Evaluation 3/12/2014	Performance of internal audit function for the municipality	R1 191 936 VAT incl.	1 year	1/03/2015 to 29/02/2016 with an option to renew for a further 6 months.	Grant Thornton has successfully implemented all audits as per the three year audit plan. A motivation for an extension of contract is completed.
2.	The Oliphant Institute of Learnership	Youth Development Programme	R100 000 for the entire contract	3 years	4/03/2014 to 3/03/2017	Project progressing well and within scope of work.
3	Vision Activ	Diagnostic analysis project for the municipality. The project is divided into 4 phases and the service provider has already completed the 2 <sup>nd</sup> phase. The date for the 3 <sup>rd</sup> phase is still to be determined.	R790, 000.00	12 months	1/07/2015 to 30/06/2016	The project is progressing well, level 1 implementation rolled out and final report tabled in the Management Committee.



# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Mofokeng MS (Redeployed)	Nil
	Modisakeng BJ	Nil
Member of MayCo / Exco	Modisakeng BJ	Nil
	Sale MC (Redeployed)	Nil
	Mokako MS	Nil
	Majola AK	Nil
	Maseko YT	Nil
	Masilo WJ	Nil
	Matsei NP	Nil
	Mollo DS	Nil
	Mofokeng MS	Nil
	Modisakeng BJ	Nil
Councillor	Sale MC	Nil
	Mokako MS	Nil
	Majola AK	Nil
	Maseko YT	Nil
	Masilo WJ	Nil
	Matsei NP	Nil
	Mollo DS	Nil
	Mulder M	Nil
	Pooe NS	Nil
	Sotsu VO	Nil
	Ngubane L	Nil
	Gamede LSA	Nil
	Baloyi PB	Nil

# APPENDICES

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
	Radebe MA	Nil
	Hlongwane SD	Nil
	Lehlake BJ	Nil
	Maraka TE	Nil
	Ramothibe TE	Nil
	Soxuzza SD	Nil
	Morolong MA	Nil
	Karsten ASJ	Nil
	Hlongwane NG	Nil
	Mshudulu AS	Nil
	Coertzee Y	Nil
	Coertzee A	Nil
	Dlangalala F	Nil
	Gamede LSA	Nil
	Gomba MM	Nil
	Gomes PM	Nil
	Hoffman DCJ	Nil
	Louw R	Nil
	Malisa DM	Nil
	Maphalla TS	Nil
	Mncube B	Nil
	Mochawe SJ	Nil
	Moiloa T	Nil
	Mohammed YJ	Nil
	Moleko AA	Nil
	Mooi NJ	Nil

# APPENDICES

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
	Nkosi MNR	Nil
	Nkosi S	Nil
	Pretorious P	Nil
	Raikane MD	Nil
	Rani LB	Nil
	Rapapadi LG	Nil
	Tibane G	Nil
	Tsokolibane EM (Redeployed)	Nil
	Tsotetsi PB	Nil
	Van Tonder A	Nil
	Morolong NP	Nil
	Ronyuza MT (Redeployed)	Nil
	Malindi JK (Redeployed)	Nil
	Mcera WV (Redeployed)	Nil
Municipal Manager	Y Chamda (Seconded)	Nil
	TL Mkaza (Acting)	Nil
Chief Financial Officer	B. Scholtz (Seconded)	Nil
	C Steyn (Acting)	Nil
Deputy MM and (Executive) Directors Other S57 Officials	S Manele	Nil
	M Makhutle (Acting)	Nil
	R Netshivale (Acting)	Nil
	MM Mzibuko	Nil



# APPENDICES

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	R' 000					
	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive and Cou	4 403	18 864	9 434	0		
Vote 2 - Finance & Adminis	290 133 441	286 841 455	285 363 532	273 186 044	-5%	-4%
Vote 3 - Transport, Infrastru	56 880 548	61 927 972	65 664 007	63 214 700	2%	-4%
Vote 4 - Community & Social	7 587 018	8 145 993	7 990 867	7 745 819	-5%	-3%
Vote 5 - Planning & Develop	10 483 164	2 831 716	2 825 311	216	-1309122%	-1306161%
Example 6 - Vote 6						
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
<b>Total Revenue by Vote</b>	<b>365 089</b>	<b>359 766</b>	<b>361 853</b>	<b>344 147</b>	<b>(13)</b>	<b>(13)</b>

# APPENDICES

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	Year -1	Year 0		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates						
Property rates - penalties & collection charges						
Service Charges - electricity revenue						
Service Charges - water revenue						
Service Charges - sanitation revenue						
Service Charges - refuse revenue						
Service Charges - other	2 416	3 300	2 214	2 482	-33%	11%
Rentals of facilities and equipment	8 928	9 525	9 308	8 215	-16%	-13%
Interest earned - external investments	2 814	2 040	2 040	2 519	19%	19%
Interest earned - outstanding debtors						
Dividends received						
Fines						
Licences and permits	56 876	59 827	63 573	61 390	3%	-4%
Agency services	6 613	6 721	6 428	7 176	6%	10%
Transfers recognised - operational	260 478	262 738	262 738	258 610	-2%	-2%
Other revenue	26 828	15 515	15 450	3 634	-327%	-325%
Gains on disposal of PPE	136	100	100	121	17%	17%
Environmental Protection						
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>365 089</b>	<b>359 766</b>	<b>361 853</b>	<b>344 147</b>	<b>-4.54%</b>	<b>-5.15%</b>

# APPENDICES

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
<b>Total</b>						



# APPENDICES

## APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

### APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
<b>Infrastructure: Road transport - Total</b>	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
Reticulation							
Sewerage purification							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community - Total</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

Table continued next page

# APPENDICES

Table continued from previous page

Capital Expenditure - New Assets Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
<b>Capital expenditure by Asset Class</b>								
<b><u>Heritage assets - Total</u></b>	-	-		-	-	-	-	
Buildings								
Other								
<b><u>Investment properties - Total</u></b>	-	-		-	-	-	-	
Housing development								
Other								
<b><u>Other assets</u></b>	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
<b><u>Agricultural assets</u></b>	-	-		-	-	-	-	
List sub-class								
<b><u>Biological assets</u></b>	-	-		-	-	-	-	
List sub-class								
<b><u>Intangibles</u></b>	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
<b>Total Capital Expenditure on new assets</b>	-	-		-	-	-	-	
<b><u>Specialised vehicles</u></b>	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)								T.M.1

# APPENDICES

## APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
Reticulation							
Sewerage purification							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<b>Heritage assets</b>	-	-		-	-	-	-
Buildings							
Other							

Table continued next page



# APPENDICES

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year -1	Year 0		Actual Expenditure	Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget		FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-		-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	R' 000	
				Variance (Act - Adj) %	Variance (Act - OB) %
				0	0
<b>Water</b>				0	0
"Project A"				0	0
"Project B"				0	0
"Project C"				0	0
<b>Sanitation/Sewerage</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>Electricity</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>Housing</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>Refuse removal</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>Stormwater</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>Economic development</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>Sports, Arts &amp; Culture</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>Environment</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>Health</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>Safety and Security</b>				0	0
"Project A"				0	0
"Project B"				0	0
<b>ICT and Other</b>				0	0
"Project A"				0	0
"Project B"				0	0

# APPENDICES

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## **APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0**

Not applicable to SDM

## **APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS**

Not applicable to SDM

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# APPENDICES

## APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		
		T Q

## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

[illegible]

# APPENDICES

## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		



# **ANNEXURE “B”**

## **COMPARATIVE ANALYSIS REPORT**

**FINANCIAL OVERVIEW AND COMPARATIVE ANALYSIS REPORT ON THE**  
**AUDITED ANNUAL FINANCIAL STATEMENTS**  
**FOR YEAR ENDING 30 JUNE 2016**

File Ref: (5/1/5)

Cluster : Finance  
Portfolio: Financial Management

1. PURPOSE

This report serves to provide the Council with a financial overview and comparative analysis of the audited annual financial statements for the year ending 30 June 2016.

2. BACKGROUND

Legislative Requirement:

Sections 122 and 126 of the Local Government: Municipal Finance Management Act, 56 of 2003 state:-

***Preparation of financial statements***

122. (1) *Every municipality and every municipal entity must for each financial year prepare annual financial statements which—*
- (a) *fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and*
  - (b) *disclose the information required in terms of sections 123, 124 and 125.*
- (2) *A municipality which has sole control of a municipal entity, or which has effective control within the meaning of the Municipal Systems Act of a municipal entity which is a private company, must in addition to complying with subsection (1), prepare consolidated annual financial statements incorporating the annual financial statements of the municipality and of such entity. Such consolidated*

*annual financial statements must comply with any requirements as may be prescribed.*

- (3) *Both annual financial statements and consolidated annual financial statements must be prepared in accordance with generally recognised accounting practice prescribed in terms of section 91(1)(b) of the Public Finance Management Act.*

***Submission and auditing of annual financial statements***

***126. (1) The accounting officer of a municipality—***

- (a) *must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing; and*
  - (b) *must in addition, in the case of a municipality referred to in section 122(2), prepare consolidated annual financial statements in terms of that section and, within three months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.*
- (2) *The accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those statements relate, submit the statements to—*
  - (a) *the parent municipality of the entity; and*
  - (b) *the Auditor-General, for auditing.*
- (3) *The Auditor-General must—*
  - (a) *audit those financial statements; and*
  - (b) *submit an audit report on those statements to the accounting officer of the municipality or entity within three months of receipt of the statements.*
- (4) *If the Auditor-General is unable to complete an audit within three months of receiving the financial statements from an accounting officer, the Auditor-General must promptly submit a report outlining the reasons for the delay to the*



*relevant municipality or municipal entity and to the relevant provincial legislature and Parliament.*

- (5) *Once the Auditor-General has submitted an audit report to the accounting officer, no person other than the Auditor-General may alter the audit report or the financial statements to which the audit report relates.*

In accompaniment to the annual financial statements, the Chief Financial Officer must further provide a comparative analysis report citing an overview of the financial performance of the municipality during the financial year as set out in MFMA Circular No 11 – Annual Report Guidelines, 14 January 2005 as well as in terms of MFMA Circular 71 issued 17 January 2014.

### 3. DISCUSSION

#### 3.1. Internal Quality Control Processes:

The annual financial statements attached hereto as ANNEXURE “A” have been subjected to rigorous quality assessment as part of our OPCA internal control processes. Assurance was provided by Management to the Audit Committee on the reliance of disclosure towards GRAP. Internal Audit performed a review on the financial statements and provided findings with the Department of Provincial Treasury. The findings were corrected and applied on the financial statements and relevant notes which serves as a review and assurance to the Audit committee as reported by Management.

#### 3.2. Objective:

The basic financial reporting objectives as prescribed by the Accounting Standards Board are:

- Financial reporting should assist in fulfilling government's duty to be publicly accountable and should enable users to assess that **accountability** by:-
  - Providing information to determine whether current year revenues were sufficient to meet the cost of providing current year services rendered.

- Demonstrating whether resources were obtained and used in accordance with Council's legally adopted budget, and demonstrating compliance with other finance-related legal or contractual requirements.
  - Providing information to assist users in assessing the service efforts, costs, and accomplishments of the entity.
- Financial reporting should assist users in **evaluating** the operating results of Council for the year by:-
    - Providing information about sources and uses of financial resources.
    - Providing information about how it finances its activities and meet its cash flow requirements.
    - Providing information necessary to determine whether its financial position improved or deteriorated as a result of the year's operations.
  - Financial reporting should assist users in **assessing** the level of services that can be provided by Council and its ability to meet its obligations as they become due by:-
    - Providing information about its financial position and condition.
    - Providing information about its physical and other non-financial resources having useful lives that extend beyond the current year, including information that can be used to assess the service potential of those resources.
    - Disclosing legal or contractual restrictions on resources and the risk of potential loss of resources.

This report analyses the financial position and financial performance trends over the past year of Sedibeng District Municipality as per the AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016, annexed hereto as ANNEXURE "A".

### 3.3. Analysis of the Statement of Financial Position:

The statement of financial position states Council's financial position at the end of an operating period of a 12-month fiscal year (July 2015 to June 2016). It represents the assets, liabilities, net assets and their relationship to one another.

### 3.4. Description of Statement of Financial Performance:

The statement of financial performance shows the results of operations for the past year. It lists sources of revenue and expenses. The statement measures the performance of Council for a given period of time. Surplus or deficit is used to measure financial performance and directly related to the measurement of revenue and expenditure for the reporting period.

Operating expenses are incurred in the course of conducting normal Council business. They are classified by function such as employee related costs, general expenses, finance charges and contributions to provisions.

### 3.5. Operating Revenue:

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets. Revenue categories include:

<b>Category Description</b>	<b>Definition</b>
<i>Sale of goods</i>	Income derived from sale of fuel at the airport
<i>Rental of facilities and equipment</i>	Rental of facilities and equipment such as the town hall and theatres
<i>Interest received</i>	Interest received from trading activities as well as on investments
<i>Income from agency services</i>	Income from agency services performed in the provision of IT services to local municipalities
<i>Licenses and permits</i>	Income received from performing the motor vehicle licensing and permits function on behalf of provincial administration
<i>Government grants &amp; subsidies</i>	Government grants & subsidies received as per DoRA allocations



### 3.6. Operating Expenses:

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets. Operating expenses were divided into ten categories:

<b>Category Description</b>	<b>Definition</b>
<i>General Expenses</i>	Those expenses directly relating to revenue production and service delivery
<i>Employee Related Costs</i>	Labour related costs
<i>Remuneration of Councillors</i>	Costs related to Public Office Bearers allowances as per the Upper Limits gazette
<i>Debt Impairment</i>	The process of reducing a current asset by the amount by which the carrying amount of the current asset (debtor) exceeds its recoverable amount
<i>Depreciation &amp; Amortisation</i>	The systematic allocation of the depreciable amount of an asset over its useful life with depreciable amount being the cost of an asset, or other amount substituted for cost, less its residual value
<i>Finance Costs</i>	Expenses that reflect the price of purchasing goods, services and financial instruments
<i>Collection Costs</i>	Costs related to the application of Council's credit control & debt collection policy
<i>Repairs &amp; Maintenance</i>	Costs related to the day-to-day servicing of Council's property, plant & equipment
<i>Contracted Services</i>	Expenses related to the engagement of external service providers for the performance of a knowledge-based expertise specialty function
<i>Grants &amp; Subsidies Paid</i>	Government grants & subsidies paid as per DoRA allocations and MTREF

### 3.7. Statement of Changes in Net Assets:

The purpose of this statement is to disclose transactions impacting on the components of community wealth (net assets) included in the statement of financial position. These transactions may include adjustments and movements to and from reserves. These reserves comprise of the Government Grant reserve and the Accumulated Surplus. This statement reports on changes in Council's net assets between two reporting dates by reflecting the increase or decrease in its net assets during the period.

The overall change in net assets represents the total net surplus/deficit for the period, other revenues and expenses recognised directly as changes in net assets.

<b>Change in Accumulated Surplus</b>	
Balance brought forward 01 July 2015	93,158,583
Less: Total movements for 2016	(45,347,112)
<b>Balance as at 30 June 2016</b>	<b>47,811,471</b>

### 3.8. Cash Flow Statement:

Information about cash flows may be useful to users of SDM's financial statements in assessing Council's cash flows, assessing Council's compliance with legislation and regulations (including authorised budgets) and for making decisions about whether to provide resources to, or enter into transactions with Council. These users and stakeholders are generally interested in how Council generates and uses cash and cash equivalents. Municipalities need cash for operations related to service delivery. Municipalities use cash to pay for the goods and services they consume, to meet ongoing debt servicing costs, and, in some cases, to reduce levels of debt. According to the standards of GRAP all entities are required to present a cash flow statement.

<b>Benefits of cash flow information</b>
<ul style="list-style-type: none"><li>• Information about the cash flows of an entity is useful in assisting users to predict the future cash requirements of the entity, its ability to generate cash flows in the future and fund changes in the scope and nature of its activities. A cash flow statement also provides a means by which an entity can discharge its accountability for cash inflows and cash</li></ul>

<b>Benefits of cash flow information</b>
outflows during the reporting period.
<ul style="list-style-type: none"> <li>• A cash flow statement, when used in conjunction with other financial statements, provides information that enables users to evaluate the changes in net assets (net worth) of an entity, its financial structure (including its liquidity and solvency) and its ability to affect the amounts and timing of cash flows in order to adapt to changing circumstances and opportunities. It also enhances the comparability of the reporting of operating performance by different entities, because it eliminates the effects of using different accounting treatments for the same transactions, other events and conditions.</li> <li>• Historical cash flow information is often used as an indicator of the amount, timing and certainty of future cash flows. It is also useful in checking the accuracy of past assessments of future cash flows.</li> </ul>

### 3.9. Financial Ratios, Formulas, Norms Analysis and Interpretation:

In order to perform a holistic financial analysis of the municipality all financial aspects of the institution should be considered. Ratios are divided into various categories to address the different financial aspects and operations of a municipality or municipal entity.

- Financial Position
- Financial Performance
- Budget Implementation

The application of financial ratio analysis enables and informs our public office bearers and stakeholders decision making with regards to:

- Ability to meet long-term commitments;
- Ability to meet short-term commitments from liquid resources;
- Determine whether investments are yielding acceptable returns;
- Reduce risks arising from below average performance; and
- Make recommendations to address challenges.

<b>Advantages</b>	<b>Disadvantages</b>
Communicate aspects of an entity's overall economic situation more broadly and	Distort comparisons by over-reliance on book values rather than market values



succinctly than financial statement data alone	
Facilitate understanding how certain variables may influence each other	Involve comparative norms which are statistically unreliable due to bias and/or small sample size
Help determine a variety of financial aspects	Be difficult to obtain for use in public sector auditing
	Lead to misleading conclusions if viewed out of context
	Ignore unique factors which make municipalities fundamentally incomparable

It must be noted by the Committee that ratio analysis is not as widespread in government as in private sector as generally no applicable ratios have been developed for the purpose of use at (local) government level as each municipality differs in political and economic climates, demographics, missions, values and goals based on their unique individual nature and community needs. The ratios applied in this analysis were selected based on their usefulness in being able to indicate to Council factors & conditions which may lead to poor financial circumstances. Further financial ratio interpretation is provided on Annexure B as prescribed by National Treasury MFMA Circular No. 71 dated 17 January 2014.

#### 4. FINANCIAL IMPLICATIONS

4.1. A deficit of R 45,226,767 was generated for the year ending 30 June 2016 as a result of a reduction in revenue during this specific financial period.

4.2. A net worth balance of R 47,811,471 as at 30 June 2016.

#### 5. LEGAL IMPLICATIONS

The compilation of annual financial statements is directly in compliance with requirements of Chapter 12, Municipal Finance Management Act, No 56 of 2003 and Chapter 3, The Public Audit Act, No 25 of 2004, together with the King III Code and Report on Governance, dated 01 September 2009.

## 6. ALIGNMENT TO COUNCIL STRATEGY

The compilation of annual financial statements is directly aligned to Council's strategy to ensure financial sustainable local government including revenue collection/ generation, management and financial mobilisation.

**ANNEXURE “C”**

**AUDITOR-GENERAL**  
**SDM 2015/16**



# **Report of the auditor-general to the Gauteng Provincial Legislature and the council of Sedibeng District Municipality**

## **Report on the financial statements**

### **Introduction**

1. I have audited the financial statements of the Sedibeng District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, the cash flow statement, appropriation statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of Grap), the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2015 (Act No.1 of 2015) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sedibeng District Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Financial sustainability

8. Note 34 to the financial statements indicates that the municipality incurred an operating deficit of R45 226 767 (2014 -15: R5 471 452) during the year ended 30 June 2016 and, as of that date, the municipality's current liabilities exceeded its current assets by R96 600 491 (2014 -15: R64 895 844). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

## Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Unaudited disclosure notes

10. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of any non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

## Report on other legal and regulatory requirements

11. In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objective presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2016:
- Objective 1: Office of the speaker : ensure high level of corporate governance, on pages x to x

- Objective 2: Corporate services: world class ICT infrastructure in support of a smart Sedibeng, on pages c to x
  - Objective 3: Corporate services: develop and maintain high quality municipal facilities, on pages x to x
  - Objective 4: Community services: provide integrated support in ensuring that communities are safe and secure, on pages x to x
  - Objective 5: Community services: promote and develop arts and culture, on pages x to x
  - Objective 6: Facilitate and coordinate internal and external HIV/Aids and TB mainstreaming, on pages x to x
  - Objective 7: Strategic planning and economic development: promote residential development and urban renewal, on pages x to x
  - Objective 8: Strategic planning and economic development: promote and develop agricultural sector, on pages x to x
  - Objective 9: Strategic planning and economic development: promote and develop the tourism sector, on pages x to x
  - Objective 10: Transport, infrastructure and environment: plan for effective, efficient and sustainable infrastructure for water and sanitation and provision of electricity, on pages x to x
  - Objective 11: Transport, infrastructure and environment: plan and develop accessible safe and affordable public transport systems and facilities, on pages x to x
  - Objective 12: Transport, infrastructure: render an efficient effective and corruption free vehicle registration and licensing service, on pages x to x.
13. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. The material findings in respect of the selected objectives are as follows:

### **Objective 1: Office of the speaker: ensure high level of corporate governance**

#### **Usefulness of reported performance information**

16. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance. Important targets were not specific.



## **Objective 2: Corporate services: world class ICT infrastructure in support of a smart Sedibeng**

### Usefulness of reported performance information

17. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance and measurable. Important targets were not specific and measurable.
18. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. Important indicators were not well defined.
19. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. Important indicators were not verifiable.

### Reliability of reported performance information

20. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of important indicators.

## **Objective 3: Corporate services: develop and maintain high quality municipal facilities**

### Usefulness of reported performance information

21. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance and measurable. Important targets were not specific and measurable.
22. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. Important indicators were not well defined.
23. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. Important indicators were not verifiable.

### Reliability of reported performance information

24. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of important indicators.
25. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
  - Objective 4: Community services: provide integrated support in ensuring that

communities are safe and secure, on pages x to x

- Objective 5: Community services: promote and develop arts and culture, on pages x to x
- Objective 6: Facilitate and coordinate internal and external HIV/Aids and TB mainstreaming, on pages x to x
- Objective 7: Strategic planning and economic development: promote residential development and urban renewal, on pages x to x
- Objective 8: Strategic planning and economic development: promote and develop agricultural sector, on pages x to x
- Objective 9: Strategic planning and economic development: promote and develop the tourism sector, on pages x to x
- Objective 10: Transport, infrastructure and environment: plan for effective, efficient and sustainable infrastructure for water and sanitation and provision of electricity, on pages x to x
- Objective 11: Transport, infrastructure and environment: plan and develop accessible safe and affordable public transport systems and facilities, on pages x to x
- Objective 12: Transport, infrastructure: render an efficient effective and corruption free vehicle registration and licensing service, on pages x to x.

## **Additional matters**

26. I draw attention to the matters below. My opinion is not modified in respect of these matters:

### **Achievement of planned targets**

27. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 16-24 of this report

### **Adjustment of material misstatements**

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of:

- Objective 1: Office of the speaker : ensure high level of corporate governance, on pages x to x
- Objective 2: Corporate services: world class ICT infrastructure in support of a smart Sedibeng, on pages c to x

- Objective 3: Corporate services: develop and maintain high quality municipal facilities, on pages x to x
- Objective 4: Community services: provide integrated support in ensuring that communities are safe and secure, on pages x to x
- Objective 5: Community services: promote and develop arts and culture, on pages x to x
- Objective 6: Facilitate and coordinate internal and external HIV/Aids and TB mainstreaming, on pages x to x
- Objective 8: Strategic planning and economic development: promote and develop agricultural sector, on pages x to x
- Objective 9: Strategic planning and economic development: promote and develop the tourism sector, on pages x to x
- Objective 10: Transport, infrastructure and environment: plan for effective, efficient and sustainable infrastructure for water and sanitation and provision of electricity, on pages x to x
- Objective 11: Transport, infrastructure and environment: plan and develop accessible safe and affordable public transport systems and facilities, on pages x to x
- Objective 12: Transport, infrastructure: render an efficient effective and corruption free vehicle registration and licensing service, on pages x to x.

### **Compliance with legislation**

29. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### **Internal control**

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.

### **Leadership**

31. The accounting officer did not oversee performance reporting effectively, resulting in material findings on performance information.

### **Financial and performance management**

32. Senior management did not ensure that sufficient controls were in place to prepare accurate and complete performance reports that are supported and evidenced by reliable information. In addition, there was a lack of standard operating procedures to ensure that data is collected consistently and is easy to understand and use.



## **Other reports**

33. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

## **Investigations**

34. An internal forensic investigation was conducted at the request of the municipality. The investigation was initiated based on a cyber-hacking on the financial system. The investigation was still ongoing at the reporting date.

Johannesburg

30 November 2016



AUDITOR • GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**ANNEXURE “D”**

**VOL II - FINANCIAL  
STATEMENTS**



**Sedibeng District Municipality  
Financial statements  
for the year ended 30 June, 2016**



# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## General Information

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<b>Nature of business and principal activities</b>	District Municipality -- DC42
<b>Capacity of Municipality</b>	Medium term capacity Municipality
<b>Accounting Officer</b>	Mr TL Mkaza (Acting since May 2016)  Mr Yunus Chamda (Seconded to Emfuleni Local Municipality since May 2016)
<b>Chief Financial Officer</b>	Mr CE Steyn (Acting since January 2016)  Mr Brendon Scholtz (Seconded to Emfuleni Local Municipality since January 2016)
<b>Registered office</b>	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
<b>Business address</b>	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
<b>Postal address</b>	PO Box 471 Vereeniging 1930
<b>Bankers</b>	Standard Bank
<b>Auditors</b>	Auditor General
<b>Executive Mayor</b>	Councilor BJ Modisakeng
<b>Speaker</b>	Councilor G Hlongwane
<b>Chief Whip</b>	Councilor SA Mshudulu
<b>Members of Mayoral Committee</b>	Councilor PB Tsotetsi  Councilor WV Mcera  Councilor TS Maphalla  Councilor MD Raikane  Councilor MM Gomba  Councilor JK Malindi  Councilor YJ Mahommed  Councilor MT Ronyuza

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Index

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The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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### Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MMC	Member of the Mayoral Committee
MFMA Act	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
GAMAP	Generally Accepted Municipal Accounting Practice
PPE	Property Plant and Equipment
SCM	Supply Chain Management

## **Sedibeng District Municipality**

Financial Statements for the year ended 30 June, 2016

### **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The financial statements set out on pages 4 to 51, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August, 2016 and were signed on its behalf by:

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**Mr. TL Mkaza**  
**Acting Municipal Manager**



# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June, 2016.

### 1. Incorporation

The municipality was incorporated on 1 January 1988 and obtained its certificate to commence business on the same day.

### 2. Going concern

We draw attention to the fact that at 30 June, 2016, the municipality had accumulated surplus of R 47,811,471 and that the municipality's total assets exceed its liabilities by R 47,811,471.

The ability of the municipality to continue as a going concern is dependent on a number of factors. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 4. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mr Yunus Chamda Seconded since May 2016)	RSA
Mr Thomas Mkaza (Acting since May 2016)	RSA

### 5. Bankers

Standard Bank has been appointed in the previous financial year as the Municipality's banker

### 6. Auditors

Auditor General will continue in office for the next financial period.

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Statement of Financial Position as at 30 June, 2016

Figures in Rand	Note(s)	2016	2015 as restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	6	249,326	298,186
Receivables from exchange transactions	7	19,800,000	12,747,458
VAT receivable	8	-	2,452,906
Construction of assets in progress	5	5,740,270	18,543,682
Cash and cash equivalents	9	8,902,708	10,414,507
		<b>34,692,304</b>	<b>44,456,739</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	2	138,993,953	151,954,779
Intangible assets	3	955,129	1,636,268
Heritage assets	4	4,462,880	4,462,880
		<b>144,411,962</b>	<b>158,053,927</b>
<b>Total Assets</b>		<b>179,104,266</b>	<b>202,510,666</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	10	-	43,460
Payables from exchange transactions	13	114,494,086	89,149,334
VAT payable	14	148,902	-
Unspent conditional grants and receipts	11	16,649,807	19,972,179
Provisions	12	-	187,610
<b>Total Current Liabilities</b>		<b>131,292,795</b>	<b>109,352,583</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	10	-	-
<b>Total Non-Current Liabilities</b>			
<b>Total Liabilities</b>		<b>131,292,795</b>	<b>109,352,583</b>
<b>Net Assets</b>		<b>47,811,471</b>	<b>93,158,083</b>
<b>Net Assets</b>			
Accumulated surplus		47,811,471	93,158,083

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 as restated
<b>Revenue</b>			
Sale of goods		2,481,633	2,416,400
Rental of facilities and equipment		8,215,161	8,927,595
Agency services		7,176,292	6,613,396
Licenses and permits		61,390,138	56,875,639
Other income	16	3,633,612	26,827,560
Interest received - investment	17	2,518,866	2,813,797
Government grants & subsidies	19	258,610,416	260,478,021
<b>Total revenue</b>		<b>344,026,118</b>	<b>364,952,408</b>
<b>Expenditure</b>			
Employee related costs	20	(228,998,467)	(209,350,369)
Remuneration of councillors	21	(12,431,722)	(11,481,004)
Depreciation and amortisation	22	(22,294,572)	(28,583,637)
Finance costs	23	(503)	(16,580)
Lease rentals on operating lease		(6,438,176)	(6,726,058)
Debt Impairment	24	(137,243)	(94,454)
Public participation		(360,868)	(231,773)
Repairs and maintenance		(5,473,452)	(4,103,046)
Contracted services	25	(42,087,391)	(35,961,758)
Transfers and Subsidies	18	(5,646,927)	(9,907,635)
Sale of goods/Inventory	27	(2,130,447)	(2,177,189)
General Expenses	26	(63,373,779)	(61,926,523)
<b>Total expenditure</b>		<b>(389,373,547)</b>	<b>(370,560,026)</b>
<b>Operating deficit</b>		<b>(45,246,843)</b>	<b>(5,607,618)</b>
Gain (loss) on disposal of assets and liabilities		120,662	136,166
<b>Deficit for the year</b>		<b>(45,226,767)</b>	<b>(5,471,452)</b>



**Sedibeng District Municipality**  
Financial Statements for the year ended 30 June, 2016

**Statement of Changes in Net Assets**

Figures in Rand	Note	Accumulated surplus	Total net assets
Opening balance as previously reported		98,914,612	98,914,612
Adjustments (Change in accounting policy)	33.2	-	-
Correction of errors	33.1	248,716	248,716
<b>Balance at 1 July, 2014 as restated*</b>		<b>99,163,328</b>	<b>99,163,328</b>
Changes in net assets			
Transfer from / (to) reserves		(533,793)	(533,793)
Net income (losses) recognised directly in net assets		(533,793)	(533,793)
Surplus (Deficit) for the year		(5,471,452)	(5,471,452)
Total recognised income and expenses for the year		(6,005,245)	(6,005,245)
<b>Opening balance as previously reported</b>		<b>92,365,454</b>	<b>92,365,454</b>
Adjustments (Change in accounting policy)	33.2	-	-
Correction of errors	33.1	792,629	792,629
<b>Balance at 1 July, 2015 as restated*</b>		<b>93,158,083</b>	<b>93,158,083</b>
Changes in net assets			
Surplus (Deficit) for the year		(45,226,767)	(45,226,767)
Transfer from / (to) reserves		(119,845)	(119,845)
Total recognised income and expenses for the year		(45,346,612)	(45,346,612)
<b>Balance at 30 June, 2016</b>		<b>47,811,471</b>	<b>47,811,471</b>

**Sedibeng District Municipality**  
Financial Statements for the year ended 30 June, 2016

**Cash Flow Statement**

Figures in Rand

Note(s)

2016

2015 as  
restated

**Cash flows from operating activities**

**Receipts**

Grants		260,958,411	265,782,681
Interest income		2,518,866	2,813,797
Other receipts		64,487,924	66,896,899
License Receipts		236,681,853	237,173,498
		<b>564,647,054</b>	<b>572,666,875</b>

**Payments**

Employee costs		(242,148,786)	(220,831,374)
Suppliers		(159,037,478)	(169,163,068)
Licensing Authority		(156,126,030)	(171,636,892)
		<b>(557,312,294)</b>	<b>(561,631,334)</b>

<b>Net cash flows from operating activities</b>	<b>29</b>	<b>7,334,760</b>	<b>11,035,541</b>
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**Cash flows from investing activities**

Purchase of property, plant and equipment	2	(8,844,818)	(14,638,343)
Proceeds from sale of property, plant and equipment	2	230,879	342,563
Purchase of other intangible assets	3	(188,657)	(1,037,227)
<b>Net cash flows from investing activities</b>		<b>(8,802,596)</b>	<b>(15,333,007)</b>

**Cash flows from financing activities**

Finance lease payments		(43,963)	(263,779)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,511,799)</b>	<b>(4,561,245)</b>
Cash and cash equivalents at the beginning of the year		10,414,507	14,975,752
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>8,902,708</b>	<b>10,414,507</b>

## Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

#### Statement of Financial Performance

##### Revenue

##### Revenue from exchange transactions

Sale of goods	3,300,000	(1,085,530)	2,214,470	2,481,633	267,163
Rental of facilities and equipment	9,525,175	(216,976)	9,308,199	8,215,161	(1,093,038)
Agency services	6,720,947	(292,607)	6,428,340	7,176,292	747,952
Licenses and permits	59,826,790	3,746,623	63,573,413	61,390,138	(2,183,275)
Other income - (rollup)	15,515,088	(64,811)	15,450,277	3,633,612	(11,816,665)
Interest received - investment	2,040,000	-	2,040,000	2,518,866	478,866
<b>Total revenue from exchange transactions</b>	<b>96,928,000</b>	<b>2,086,699</b>	<b>99,014,699</b>	<b>85,415,702</b>	<b>(13,598,997)</b>

##### Revenue from non-exchange transactions

##### Transfer revenue

Government grants & subsidies	262,738,000	452	262,738,452	258,610,416	(4,128,036)
<b>Total revenue</b>	<b>359,666,000</b>	<b>2,087,151</b>	<b>361,753,151</b>	<b>344,026,118</b>	<b>(17,727,033)</b>

##### Expenditure

Personnel	(210,039,698)	(10,235,740)	(220,275,438)	(228,998,467)	(8,723,029)
Remuneration of councillors	(12,698,371)	65,856	(12,632,515)	(12,431,722)	200,793
Depreciation and amortisation	(26,767,200)	2,918,600	(23,848,600)	(22,294,572)	1,554,028
Finance costs	-	-	-	(503)	(503)
Lease rentals on operating lease	(7,043,125)	(480,275)	(6,562,850)	(6,438,176)	124,674
Debt impairment	-	-	-	(137,243)	(137,243)
Public Participation	(600,000)	232,800	(367,200)	(360,868)	6,332
Repairs and maintenance	(3,890,624)	(1,163,870)	(5,054,494)	(5,473,452)	(418,958)
Contracted Services	(36,458,394)	(6,228,123)	(42,686,517)	(42,087,391)	599,126
Transfers and Subsidies	(5,282,794)	905,098	(5,377,696)	(5,646,927)	(269,231)
Sale of goods/Inventory	(2,930,000)	930,000	(2,000,000)	(2,130,447)	(130,447)
General Expenses	(52,930,800)	(3,595,731)	(56,526,931)	(63,373,779)	(6,847,248)
<b>Total expenditure</b>	<b>(359,641,006)</b>	<b>(15,690,835)</b>	<b>(375,331,841)</b>	<b>(389,373,547)</b>	<b>(14,041,706)</b>

<b>Operating deficit</b>	<b>24,994</b>	<b>(13,603,684)</b>	<b>(13,578,690)</b>	<b>(45,347,429)</b>	<b>(31,768,739)</b>
Gain on disposal of assets and liabilities	100,000	-	100,000	120,076	20,662

<b>Deficit before taxation</b>	<b>124,994</b>	<b>(13,603,684)</b>	<b>(13,478,690)</b>	<b>(45,226,767)</b>	<b>(31,748,077)</b>
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>124,994</b>	<b>(13,603,684)</b>	<b>(13,478,690)</b>	<b>(45,226,767)</b>	<b>(31,748,077)</b>
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## Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved budget      Adjustments      Final Budget      Actual amounts on comparable basis      Difference between final budget and actual

Figures in Rand

#### Statement of Financial Position

##### Assets

##### Current Assets

Inventories	-	-	-	249,326	249,326
Receivables from exchange transactions	35,892,998	-	35,892,998	19,800,000	(16,092,998)
VAT receivable	-	-	-	-	-
Construction of assets in progress	-	-	-	5,740,270	5,740,270
Cash and cash equivalents	19,193,982	(8,360,306)	10,833,676	8,902,708	(1,930,968)
	<b>55,086,980</b>	<b>(8,360,306)</b>	<b>46,726,674</b>	<b>34,692,304</b>	<b>(12,034,370)</b>

##### Non-Current Assets

Property, plant and equipment	103,560,057	(746,659)	102,813,398	138,993,953	36,180,555
Intangible assets	-	-	-	955,129	955,129
Heritage assets	-	-	-	4,462,880	4,462,880
	<b>103,560,057</b>	<b>(746,659)</b>	<b>102,813,398</b>	<b>144,411,962</b>	<b>41,598,564</b>

<b>Total Assets</b>	<b>158,647,037</b>	<b>(9,106,965)</b>	<b>149,540,072</b>	<b>179,104,266</b>	<b>29,564,194</b>
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##### Liabilities

##### Current Liabilities

Payables from exchange transactions	53,596,559	(8,503,281)	45,093,278	114,494,086	69,400,808
Unspent conditional grants and receipts	-	-	-	16,649,807	16,649,807
VAT Payable	-	-	-	148,902	148,902
	<b>53,596,559</b>	<b>(8,503,281)</b>	<b>45,093,278</b>	<b>131,292,795</b>	<b>86,199,517</b>

<b>Total Liabilities</b>	<b>53,596,559</b>	<b>(8,503,281)</b>	<b>45,093,278</b>	<b>131,292,795</b>	<b>86,199,517</b>
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<b>Net Assets</b>	<b>105,050,478</b>	<b>(603,684)</b>	<b>104,446,794</b>	<b>47,811,471</b>	<b>(56,635,323)</b>
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##### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

Accumulated surplus	105,050,478	(603,684)	104,446,794	47,811,471	(56,635,323)
<b>Total Net Assets</b>	<b>105,050,478</b>	<b>(603,684)</b>	<b>104,446,794</b>	<b>47,811,471</b>	<b>(56,635,323)</b>

## Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

### Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Financial Performance</b>								
Investment revenue	2,040,000	-	2,040,000	2,040,000	2,518,866	478,866	123%	123%
Transfers recognised - operational	262,738,000	452	262,738,452	262,738,452	258,610,416	(4,128,036)	98%	98%
Other own revenue	94,988,000	2,086,699	97,074,699	97,074,699	83,017,498	(14,057,201)	86%	87%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>359,766,000</b>	<b>2,087,151</b>	<b>361,853,151</b>	<b>361,853,151</b>	<b>344,146,780</b>	<b>(17,706,371)</b>	<b>95%</b>	<b>96%</b>
Employee costs	(210,039,698)	(10,235,740)	(220,275,438)	(220,275,438)	(228,998,467)	(8,723,029)	104%	109%
Remuneration of councillors	(12,698,371)	65,856	(12,632,515)	(12,632,515)	(12,431,722)	200,793	98%	98%
Debt impairment	-	-	-	-	(137,243)	(137,243)		
Depreciation and asset impairment	(26,767,200)	2,918,600	(23,848,600)	(23,848,600)	(22,294,572)	1,554,028	93%	83%
Finance charges	-	-	-	-	(503)	(503)		
Transfers and grants	(6,282,794)	905,098	(5,377,696)	(5,377,696)	(5,646,927)	(269,231)	105%	90%
Other expenditure	(103,852,943)	(9,344,649)	(113,197,592)	(113,197,592)	(119,864,113)	(6,666,521)	106%	115%
<b>Total expenditure</b>	<b>(359,641,006)</b>	<b>(15,690,835)</b>	<b>(375,331,841)</b>	<b>(375,331,841)</b>	<b>(389,373,547)</b>	<b>(14,041,706)</b>	<b>104%</b>	<b>108%</b>
<b>Surplus/(Deficit) for the year</b>	<b>124,994</b>	<b>(13,603,684)</b>	<b>(13,478,690)</b>	<b>(13,478,690)</b>	<b>(45,226,767)</b>	<b>(31,748,077)</b>	<b>336%</b>	<b>(36,18)%</b>

## Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

### Appropriation Statement

Figures in Rand

	<b>Original budget</b>	<b>Budget adjustments (i.t.o. s28 and s31 of the MFMA)</b>	<b>Final adjustments budget</b>	<b>Final budget</b>	<b>Actual outcome</b>	<b>Variance</b>	<b>Actual outcome as % of final budget</b>	<b>Actual outcome as % of original budget</b>
<b>Capital Expenditure and funds sources</b>								
Total capital expenditure	13,616,000	(3,665,259)	9,950,741	9,950,741	9,033,475	(917,266)	91%	66%
<b>Sources of capital funds</b>								
Transfers recognised - capital	-	-	-	-	150,807	150,807		
Internally generated funds	13,616,000	(3,665,259)	9,950,741	9,950,741	8,882,668	(1,068,073)	89%	65%
<b>Total sources of capital funds</b>	<b>13,616,000</b>	<b>(3,665,259)</b>	<b>9,950,741</b>	<b>9,950,741</b>	<b>9,033,475</b>	<b>(917,266)</b>	<b>91%</b>	<b>66%</b>
<b>Cash Flows</b>								
Net cash from (used) operating	7,796,238	2,573,672	10,369,910	10,369,910	7,334,760	(3,035,150)	71%	94%
Net cash from (used) investing	(13,616,000)	3,665,259	(9,950,741)	(9,950,741)	(8,802,596)	1,148,145	88%	65%
Net cash from (used) financing	-	-	-	-	(43,963)	(43,963)		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5,819,762)</b>	<b>6,238,931</b>	<b>419,169</b>	<b>419,169</b>	<b>(1,511,799)</b>	<b>(1,930,968)</b>	<b>(361)%</b>	<b>26%</b>
Cash and cash equivalents at the beginning of the year	25,013,744	(14,599,237)	10,414,507	10,414,507	10,414,507	-	100%	42%
<b>Cash and cash equivalents at year end</b>	<b>19,193,982</b>	<b>(8,360,306)</b>	<b>10,833,676</b>	<b>10,833,676</b>	<b>8,902,708</b>	<b>1,930,968</b>	<b>82%</b>	<b>46%</b>



# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015 as  
restated

### Accounting Policies

#### 1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

##### 1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008, including any interpretations and directives issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

The following GRAP standards have been approved and are effective:

GRAP 1 -	Presentation of financial statements
GRAP 2 -	Cash flow statements
GRAP 3 -	Accounting policies, changes in accounting estimates and errors
GRAP 4 -	The effects of changes in foreign exchange rates
GRAP 5 -	Borrowing costs
GRAP 6 -	Consolidated and separate financial statements
GRAP 7 -	Investments in associates
GRAP 8 -	Interest in joint ventures
GRAP 9 -	Revenue from exchange transactions
GRAP 10 -	Financial reporting in hyperinflationary economies
GRAP 11 -	Construction contracts
GRAP 12 -	Inventories
GRAP 13 -	Leases
GRAP 14 -	Events after the reporting date

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015 as  
restated

GRAP 16 -	Investment property
GRAP 17 -	Property, plant and equipment
GRAP 19 -	Provisions, contingent liabilities and contingent assets
GRAP 20 -	Related party disclosure
GRAP 21 -	Impairment of non-cash generating assets
GRAP 23 -	Revenue from non-exchange transactions
GRAP 24 -	Presentation of budget information
GRAP 25 -	Employee Benefits
GRAP 26 -	Impairment of cash generating assets
GRAP 31 -	Intangible assets
GRAP 103 -	Heritage assets
GRAP 104 -	Financial instruments
GRAP 100 -	Discontinued operations
GRAP 27 -	Agriculture

The following GRAP statements have been approved but are not yet effective:

GRAP 18 -	Segment reporting
GRAP 105 -	Transfer of functions between entities under common control
GRAP 106 -	Transfer of functions between entities not under common control
GRAP 107 -	Mergers
GRAP 108 -	Statutory Receivables
GRAP 32 -	Service Concession Arrangements: Grantor
iGRAP 17 -	Service concession arrangements where a grantor controls a significant residual interest in an asset
Directive 11 -	Changes in measurement bases following the initial adoption of standards of GRAP

### Offsets

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

### 1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Notes to the Financial Statements

Figures in Rand

2016

2015 as  
restated

### 1.3 SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSUMPTIONS

#### 1.3.1 Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### 1.3.2 Significant Estimates, Judgments and Assumptions

In preparing the annual financial statements to conform with the Standards of GRAP, management is required to make estimates, judgments and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgments and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgments and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following notes:

Note 2, 3 & 4: PPE, Intangible assets and Heritage assets useful lives estimates

Note 12: Provisions

Note 28: Contingencies

Note 10: Lease classification

Note 24: Debt Impairment

### 1.4 GOVERNMENT GRANT

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

### 1.5 PROPERTY, PLANT & EQUIPMENT

#### 1.5.1 Recognition and Subsequent Measurement

An item of property, plant and equipment which qualifies for recognition as an asset has been initially measured at cost less subsequent depreciation.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at date of acquisition.



# Sedibeng District Municipality

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The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is available for use.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

### 1.5.2 De-recognition, Sale & Disposal

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

### 1.5.3 Depreciation

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful life of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated useful life:

Community Assets	Years
Community halls	30
Recreation facilities	20 – 30

Other Assets	Years
Motor vehicles	5
Plant and equipment	2 – 15
Security measures	3 – 10
Buildings	30
IT equipment	3 – 5
Office equipment	3 – 7
Specialised vehicles	10

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The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate.

### 1.6 INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Refer to impairment of assets accounting policy 1.7

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in the Statement of Financial Performance as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

#### 1.6.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Financial Performance when incurred.

Development activities involve a plan or design for the production of new or substantially new improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the statement of financial performance as incurred.

#### 1.6.2 Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

Item	Useful Life
Computer software	3 Years

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

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### 1.7 IMPAIRMENT OF FINANCIAL ASSETS

#### Impairment of Non-financial assets

Non-Financial assets, excluding investment property and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit is less than its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

#### Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

A financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, a cumulative gains or losses that have been accumulated in net assets are removed from net assets as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

### 1.8 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.



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### The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment; refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal installments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

### 1.9 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre specified terms and conditions.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non derivative financial assets or non derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;

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- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking;
  - non derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### 1.10 INVENTORIES

Inventories are initially measured at cost, where cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Unsold aviation fuel are valued at the lower of cost and net realisable value on a specific identification cost basis. Fuel are recognized as inventory when purchased, and then charged to expense when sold. Aviation fuel are sold in line with the applicable tariff as promulgated.

### 1.11 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with banks. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

### 1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

The municipality on initial adoption of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The necessary disclosures have been made for non-recognition of provisions that form part of the cost of an asset.

### 1.13 EMPLOYEE BENEFITS

#### 1.13.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.



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### 1.13.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

### 1.13.3 Retirement benefits

The municipality provides retirement benefits for its employees and councilors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councilors have rendered the employment service or served office entitling them to the contributions.

### 1.13.4 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### 1.13.5 Post employment medical care benefits

The municipality provides post-employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

The municipal post-employment medical care is also on the defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

## 1.14 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

### 1.14.1 Revenue from exchange transactions

#### Rendering of services

Flat rate service charges relating to rental of facilities and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

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### Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of the principle has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

### Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliable.

### 1.14.2 Revenue from non-exchange transactions

#### Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such assets are transferred to the Municipality.

### 1.14.3 Transfer revenue

Assets and revenue recognised as a consequence of a transfer at no or nominal cost is measured at the fair value of the assets recognised as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

### 1.14.4 Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

## 1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

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### 1.16 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.19 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

### 1.20 CONSTRUCTION OF ASSETS IN PROGRESS

Construction of assets in progress is capital projects done on behalf of the Local Municipalities from the proceeds of conditional grants received and internal contributions. These projects are only handed over after full completion of the project and therefore all those uncompleted capital projects will be shown as Construction of assets in progress until date of transfer.

### 1.21 RELATED PARTIES

Related parties are identified and disclosed in terms of GRAP 20. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Associates (as per GRAP 7 - Investments in Associates);
- Joint ventures (as per GRAP 8 - Interests in Joint Ventures)
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Management, and close members of the family of management; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the two bullets above, or over which such a person is able to exercise significant influence.

Each municipality and its own municipal entities are related parties. A municipality is not related to another municipality as



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they are not under common control, except where there exist a service level agreement to perform a specific function on behalf of the other municipality.

The national government does not control provinces or municipalities for accounting purposes, although funding may be received from the national government.

Emfuleni Local Municipality, Midvaal Local Municipality and Lesedi Local Municipality are category B municipalities which in terms of the Constitution of South Africa, section 155 (1) (b) means, "A Municipality that shares executive and legislative authority in its area with a category C municipality within whose area it falls." Sedibeng District Municipality is performing agency services on behalf of the Local Municipalities.

The Municipality does not have and associates nor any joint ventures or any other form of association that may be defined as related party relation.

### 1.22 HERITAGE ASSETS

A heritage asset is as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held indefinitely for the benefit of present and future generations. The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably. Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of a purchased heritage asset comprises:

- Heritage assets are subsequently measured at cost, less accumulated impairment losses. Where a heritage asset is acquired through a non exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.
- Transfers to heritage assets are made only when the asset meets the definition of a heritage asset and transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.
- Most heritage assets have an indefinite useful life as they are to be preserved for current and future generations and might appreciate in value over time due to their cultural, environmental, historical, natural, scientific, technological and/or artistic significance. Based on this analysis, there is no finite limit to the period over which a heritage asset is expected to be held by the entity. The useful life of the heritage asset is therefore likely to be indefinite or the annual depreciation is likely to be immaterial.
- The entity derecognises heritage asset on disposal, or when no service potential are expected from its use or disposal.
- The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.23 BUDGET INFORMATION

The municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 Jul 2015 to 30 Jun 2016.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts (see page 9 - 10)

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### 2. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	41,907,735	(608,655)	41,299,080	41,907,735	(608,655)	41,299,080
Buildings	73,661,234	(17,793,412)	55,867,822	72,866,451	(15,443,900)	57,422,551
Furniture and fixtures	17,659,149	(14,567,065)	3,092,084	17,125,656	(13,632,609)	3,493,047
Motor vehicles	9,369,971	(7,631,622)	1,738,349	10,058,699	(8,038,186)	2,020,513
Electronic equipment	72,938,041	(47,885,768)	25,052,273	66,780,992	(36,162,398)	30,618,594
Infrastructure	73,791,814	(64,114,901)	9,676,913	73,791,814	(58,657,794)	15,134,020
Other property, plant and equipment	9,964,278	(8,123,614)	1,840,664	9,158,494	(7,648,653)	1,509,841
Specialised vehicles	699,972	(273,204)	426,768	699,972	(242,839)	457,133
<b>Total</b>	<b>299,992,194</b>	<b>(160,998,241)</b>	<b>138,993,953</b>	<b>292,389,813</b>	<b>(140,435,034)</b>	<b>151,954,779</b>

### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	41,299,080	-	-	-	41,299,080
Buildings	57,422,551	794,783	-	(2,349,512)	55,867,822
Furniture and fixtures	3,493,047	819,807	(40,356)	(1,180,414)	3,092,084
Motor vehicles	2,020,513	-	-	(282,164)	1,738,349
Electronic equipment	30,618,594	6,401,149	(60,364)	(11,907,106)	25,052,273
Infrastructure	15,134,020	-	-	(5,457,107)	9,676,913
Other property, plant and equipment	1,509,841	829,079	(9,497)	(488,759)	1,840,664
Specialised vehicles	457,133	-	-	(30,365)	426,768
	<b>151,954,779</b>	<b>8,844,818</b>	<b>(110,217)</b>	<b>(21,695,427)</b>	<b>138,993,953</b>

### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land	41,299,080	-	-	-	41,299,080
Buildings	59,813,377	-	-	(2,390,826)	57,422,551
Furniture and fixtures	4,239,699	764,865	(35,349)	(1,476,168)	3,493,047
Motor vehicles	2,488,057	229,045	(12,108)	(684,481)	2,020,513
Electronic equipment	29,719,629	11,951,221	(153,515)	(10,898,741)	30,618,594
Infrastructure	26,553,662	704,893	-	(12,124,535)	15,134,020
Other property, plant and equipment	1,157,928	988,319	(5,425)	(630,981)	1,509,841
Specialised vehicles	487,416	-	-	(30,283)	457,133
	<b>165,758,848</b>	<b>14,638,343</b>	<b>(206,397)</b>	<b>(28,236,015)</b>	<b>151,954,779</b>

# Sedibeng District Municipality

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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 3. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7,220,457	(6,265,328)	955,129	7,031,800	(5,395,532)	1,636,268

#### Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	1,636,268	188,657	(869,796)	955,129

#### Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software, other	1,474,430	1,037,227	(875,389)	1,636,268

### 4. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	1,076,880	-	1,076,880	1,076,880	-	1,076,880
Historical monuments	3,386,000	-	3,386,000	3,386,000	-	3,386,000
<b>Total</b>	<b>4,462,880</b>	<b>-</b>	<b>4,462,880</b>	<b>4,462,880</b>	<b>-</b>	<b>4,462,880</b>

#### Reconciliation of heritage assets 2016

	Opening balance	Total
Art Collections, antiquities and exhibits	1,076,880	1,076,880
Historical monuments	3,386,000	3,386,000
	<b>4,462,880</b>	<b>4,462,880</b>

#### Reconciliation of heritage assets 2015

	Opening balance	Total
Art Collections, antiquities and exhibits	1,076,880	1,076,880
Historical monuments	3,386,000	3,386,000
	<b>4,462,880</b>	<b>4,462,880</b>



# Sedibeng District Municipality

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### 5. Construction of assets in progress

Various Sports fields - Lesedi	-	5,942,682
Sebokeng cultural precinct	-	5,965,884
Sharpeville police station	561,118	561,118
Construction of Eldorado wing in zone 14	-	2,948,700
Mphatalatsane theatre upgrade	-	1,451,253
Construction community sidewalks zone 14	2,988,018	426,550
Installation of street lights Zone 14	2,191,134	1,247,495
	<b>5,740,270</b>	<b>18,543,682</b>

The Sharpeville police station transaction needs finalization from the Local Municipality before final transfer can take place which is anticipate to take place in the 2016/17 financial year.

### 6. Inventories

Fuel – Airport

Both AVGAS and JET A1 are sold at the Vereeniging Aerodrome

Aviation Fuel

Less: Accumulative provision for write off

755,260	747,375
(505,934)	(449,189)
<b>249,326</b>	<b>298,186</b>

### 7. Receivables from exchange transactions

Trade debtors	3,051,690	6,205,820
Employee cost recoverable	549,173	-
VAT on Accruals	3,615,571	3,602,696
SETA Refund	38,335	63,873
Insurance claims	114,669	88,685
Recoverable fruitless and wasteful expenditure	174,595	143,141
Bank Error	103,392	-
Local Municipalities - Agency services	11,616,241	2,536,827
HIV and AIDS Bridging Finance	536,334	45,671
EPWP Bridging Finance	-	60,745
	<b>19,800,000</b>	<b>12,747,458</b>

#### Trade debtors

Current (0 – 30 days)	905,735	6,059,865
31 – 60 days	-	-
61 – 90 days	2,000,000	-
>91	226,453	145,955
Less: Provision for Debt Impairment	(80,498)	-
<b>Total Trade Debtors</b>	<b>3,051,690</b>	<b>6,205,820</b>

#### Employee cost recoverable

Current (0 – 30 days)	549,173	-
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#### VAT on Accruals

Current (0 – 30 days)	512,034	1,904,785
>91 days	3,103,537	1,697,911
<b>Total VAT on Accruals</b>	<b>3,615,571</b>	<b>3,602,696</b>

#### SETA Refunds

Current(0-30 days)	38,335	63,873
>120 days	-	-
<b>Total SETA Refunds</b>	<b>38,335</b>	<b>63,873</b>

#### Insurance claims

Current (0-30days)	114,669	88,685
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# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

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	2016	2015 as restated
<b>Recoverable fruitless and wasteful expenditure</b>		
Current (0 – 30 days)	174,595	143,141
<b>Bank Error</b>		
Current (0 – 30 days)	103,392	-
<b>Local Municipalities Agency services</b>		
Current (0 – 30 days)	1,526,959	856,581
31 – 60 days	1,103,826	564,768
61 – 90 days	764,391	-
91 – 120 days	716,794	-
>120 days	7,504,271	1,115,478
<b>Total Local Municipalities Agency services</b>	<b>11,616,241</b>	<b>2,536,827</b>
<b>HIV &amp; AIDS Bridging Finance</b>		
Current (0 – 30 days)	536,334	45,671
<b>EPWP Bridging Finance</b>		
Current (0 – 30 days)	-	60,745

### 8. VAT receivable

VAT	-	2,452,906
Council is registered on the cash basis for VAT. This amount is due from SARS based on submitted returns		

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	42,325	42,325
Cash book balances	8,614,156	10,136,661
Investment deposits	246,227	235,521
	<b>8,902,708</b>	<b>10,414,507</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2016	30 June, 2015	30 June, 2013	30 June, 2016	30 June, 2015	30 June, 2013
ABSA BANK - Previous Primary Account	949,950	283,245	1,243,172	944,694	283,245	1,198,396
ABSA BANK - Licensing Function	501,621	727,895	6,188,257	501,621	727,895	6,188,257
STANDARD BANK - Primary Account	1,481,914	2,562,246	1,230,793	1,472,194	2,501,900	1,230,793
STANDARD BANK - Licensing Account	5,695,647	6,623,621	6,089,527	5,695,647	6,623,621	6,089,527
<b>Total</b>	<b>8,629,132</b>	<b>10,197,007</b>	<b>14,751,749</b>	<b>8,614,156</b>	<b>10,136,661</b>	<b>14,706,973</b>

### 10. Finance lease obligation

<b>Minimum lease payments due</b>		
- within one year	-	43,460
- in second to fifth year inclusive	-	-
	-	43,460

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Notes to the Financial Statements

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less: future finance charges	-	-
<b>Present value of minimum lease payments</b>	<b>-</b>	<b>43,460</b>

It is municipality policy to lease certain motor vehicles under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 9% (2015: 9%).

Interest rates are at the contract date.

### 11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Provincial Grants	16,407,460	14,034,791
National Grants	35,887	4,656,809
DLG Grants	206,460	1,280,579
	<b>16,649,807</b>	<b>19,972,179</b>

#### Movement during the year

Balance at the beginning of the year	19,972,179	14,667,519
Additions during the year	15,198,411	26,243,681
Income recognition during the year	(13,879,783)	(20,939,021)
Grant Reversal / forfeit	(4,641,000)	-
	<b>16,649,807</b>	<b>19,972,179</b>

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 19 for reconciliation of grants from National/Provincial Government.

### 12. Provisions

#### Reconciliation of provisions – 2016

	Opening Balance	Utilised during the year	Reverse during the year	Total
Performance Bonus	187,610	(182,597)	(5,013)	-

#### Reconciliation of provisions – 2015

	Opening Balance	Utilised during the year	Reverse during the year	Total
Performance Bonus	1,245,029	(1,057,419)	-	187,610

### 13. Payables from exchange transactions

	2016	2015 as restated
Trade payables	9,410,053	7,714,535
Accrued leave pay	17,376,194	15,856,635
Department of Transport (License fees)	42,853,303	17,681,655
Local Municipalities Accounts	17,535,182	8,271,776
Retention on Capital Projects	437,665	807,954
Insurance Claims	175,961	175,961
Mayoral Event	98,800	98,800



## Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

### Notes to the Financial Statements

Figures in Rand	2016	2015 as restated
Ambulance fees in advance	84,445	84,445
Refundable town hall rental deposits	175,476	127,046
Unclaimed Salaries	-	49,896
Salaries in arrears	124,193	69,382
Unknown deposits	-	254,737
Deferred Asset Transfer to Locals	5,740,270	18,543,682
Department of Transport (Arrears)	19,095,958	19,095,958
VAT on Debtors	1,386,586	316,872
	<b>114,494,086</b>	<b>89,149,334</b>

#### 14. VAT payable

Tax refunds payables	148,902	-
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#### 15. Revenue

Sale of goods	2,481,633	2,416,400
Rental of facilities and equipment	8,215,161	8,927,595
Agency services	7,176,292	6,613,396
Licenses and permits	61,390,138	56,875,639
Other income	3,633,612	26,827,560
Interest received - investment	2,518,866	2,813,797
Government grants & subsidies	258,610,416	260,478,021
	<b>344,026,118</b>	<b>364,952,408</b>

#### The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	2,481,633	2,416,400
Rental of facilities and equipment	8,215,161	8,927,595
Agency services	7,176,292	6,613,396
Licenses and permits	61,390,138	56,875,639
Other income	3,633,612	26,827,560
Interest received - investment	2,518,866	2,813,797
	<b>85,415,702</b>	<b>104,474,387</b>

#### The amount included in revenue arising from non-exchange transactions is as follows:

##### Taxation revenue

##### Transfer revenue

Government grants & subsidies	258,610,416	260,478,021
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#### 16. Other income

Communication Centre fees recovered	329,700	744,484
Ad-hoc Income	2,693,652	25,355,270
Skills Levy Income	383,472	352,551
Tender Income	53,136	167,458
Commission on Salaries	173,652	175,349
Telephone Cost recovered	-	32,448
	<b>3,633,612</b>	<b>26,827,560</b>

#### 17. Investment revenue

##### Interest revenue

Bank	2,518,866	2,813,797
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# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Notes to the Financial Statements

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### 18. Grants and subsidies paid

#### Other subsidies

Grants paid to Local Municipalities	5,646,927	9,907,635
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### 19. Government grants and subsidies received

#### Operating grants

Equitable share	245,760,000	239,539,000
Support Grants	12,850,416	20,939,021
	<b>258,610,416</b>	<b>260,478,021</b>

#### Equitable Share

Current-year receipts	(245,760,000)	(239,539,000)
Conditions met - transferred to revenue	245,760,000	239,539,000
	-	-

#### Provincial Grants

Balance unspent at beginning of year	14,034,791	1,197,243
Current-year receipts	13,018,411	22,694,681
Conditions met - transferred to revenue	(10,645,742)	(9,857,133)
	<b>16,407,460</b>	<b>14,034,791</b>

Conditions still to be met - remain liabilities (see note 11).

#### Reconciliation of Unspent Conditional Grants

	Opening Balance July 2015	Grants Received 2015/16	Grants Spent 2015/16	Unspent Grants June 2016
LED Project	266,747			266,747
HIV/AIDS	0.00	7,119,959	(7,119,959)	-
Impl Tourism Inst Framework	5,198	-	(5,198)	-
Establishment of Shared Services	350,000	-	-	350,000
Agriculture	-	2,818,452	-	2,818,452
Transfer of Informal Settlements	13,132,800	-	(160,539)	12,972,261
LOTTO - Sport	87,319		(87,319)	-
EPWP Grant	-	1,000,000	(1,000,000)	-
Craft Hub Establishment	153,999	-	(153,999)	-
Rural Roads	-	2,080,000	(2,080,000)	-
Tourism Birding Route	38,728	-	(38,728)	-
	<b>14,034,791</b>	<b>13,018,411</b>	<b>(10,645,742)</b>	<b>16,407,460</b>

#### National Grants

	2016	2015 as restated
Balance unspent at beginning of year	4,656,809	12,189,697

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Notes to the Financial Statements

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	2016	2015 as restated
Current-year receipts	2180,000	3,549,000
Conditions met - transferred to revenue	(2,159,922)	(11,081,888)
Grant Reversal / Forfeit	(4,641,000)	-
	<b>35,887</b>	<b>4,656,809</b>

Conditions still to be met - remain liabilities (see note 11).  
Reconciliation of Unspent Conditional Grants

	Opening Balance July 2015	Grants Received 2015/16	Grants Spent/Forfeit 2015/16	Unspent Grants June 2016
Urban Environmental Management Program (DANIDA)	10,615		(10,615)	-
Municipal Improvement Systems Grant	4,978	930,000	(911,413)	23,565
Municipal Finance Management Grant	-	1,250,000	(1,237,678)	12,322
NDPG Project	4,641,216	-	(4,641,216)	-
	<b>4,656,809</b>	<b>2,180,000</b>	<b>(6,800,922)</b>	<b>35,887</b>

### DLG Grants

	2016	2015 as restated
Balance unspent at beginning of year	1,280,579	1,280,579
Conditions met - transferred to revenue	(1,074,119)	-
	<b>206,460</b>	<b>1,280,579</b>

Conditions still to be met - remain liabilities (see note 11).  
Reconciliation of Unspent Conditional Grants

	Opening Balance July 2015	Grants Received 2015/16	Grants Spent 2015/16	Unspent Grants June 2016
Sharpeville Public Library	462,406		(255,946)	206,460
Environmental	121,474		(121,474)	-
Construction Of Tea-Tea Road	627,899		(627,899)	-
Tourism Awards	68,800		(68,800)	-
	<b>1,280,579</b>		<b>(1,074,119)</b>	<b>206,460</b>

Changes in level of government grants.

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

### 20. Employee related costs

Employee related cost exclusive of Section 57 employees	141,161,883	127,935,019
Medical aid - company contributions	13,110,035	12,027,739
UIF	990,939	980,046
WCA	1,193,409	1,186,855
SDL	1,935,788	1,762,756
Other payroll levies	2,459,959	2,308,001



# Sedibeng District Municipality

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	2016	2015 as restated
Leave pay provision charge	4,747,646	3,340,027
Defined contribution plans	26,724,288	25,476,252
Overtime payments	6,213,343	4,512,410
13th Cheques	10,115,537	9,696,703
Car allowance	9,151,352	9,166,471
Housing benefits and allowances	1,334,227	890,200
Telephone Allowances	4,300	84
Standby Allowance	663,987	658,506
	<b>219,806,693</b>	<b>199,941,069</b>

### Remuneration of Municipal Manager

Annual Remuneration	1,295,441	1,214,670
Car Allowance	119,784	119,784
Performance Bonuses	-	233,320
Contributions to UIF, Medical and Pension Funds	104,339	109,977
Other	291,414	-
	<b>1,810,978</b>	<b>1,677,751</b>

### Remuneration of Chief Financial Officer

Annual Remuneration	833,541	785,171
Car Allowance	144,000	144,000
Performance Bonuses	-	198,235
Contributions to UIF, Medical and Pension Funds	220,815	209,715
Other	4,800	4,800
	<b>1,203,156</b>	<b>1,341,921</b>

### Remuneration of Executive Directors

Annual Remuneration	3,696,119	3,438,325
Car Allowance	532,357	532,357
Performance Bonuses	-	424,300
Contributions to UIF, Medical and Pension Funds	562,298	520,373
Other	20,472	28,419
	<b>4,811,246</b>	<b>4,943,774</b>

### Remuneration of Chief Operating Officer

Annual Remuneration	1,304,247	1,215,783
Performance Bonuses	-	170,914
Contributions to UIF, Medical and Pension Funds	62,147	59,157
	<b>1,366,394</b>	<b>1,445,854</b>
<b>Total personnel cost</b>	<b>228,998,467</b>	<b>209,350,369</b>

### 21. Remuneration of councillors

Executive Major	878,479	798,378
Mayoral Committee Members	5,457,449	5,147,588
Speaker	651,303	651,233
Councillors	3,973,570	3,488,978
Councillors' pension contribution	1,069,386	980,957
Housing Allowance	-	38,246
Telephone Allowance	401,535	375,624
	<b>12,431,722</b>	<b>11,481,004</b>

# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Notes to the Financial Statements

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### In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor and Speaker have full-time bodyguards

### 22. Depreciation and amortisation

Property, plant and equipment	21,424,776	27,708,248
Intangible assets	869,796	875,389
	<b>22,294,572</b>	<b>28,583,637</b>
Offset depreciation against Government grant reserve	270,651	527,767
	<b>22,565,223</b>	<b>29,111,404</b>

### 23. Finance costs

Finance leases	503	16,580
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### 24. Debt impairment

Inventory	56,745	94,454
Debtors	80,498	
	<b>137,243</b>	<b>94,454</b>

### 25. Contracted services

Specialist Services	17,481,018	16,684,612
Other Contractors	24,606,373	19,277,146
	<b>42,087,391</b>	<b>35,961,758</b>

# Sedibeng District Municipality

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## Notes to the Financial Statements

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### 26. General expenses

Advertising	503,028	1,154,790
Assessment rates & municipal charges	5,877,896	1,503,113
Auditors remuneration	2,375,783	2,627,279
Bank charges	2,723,233	810,205
Computer expenses	1,308,378	1,320,331
Consulting and professional fees	4,526,992	5,656,097
Consumables	867,771	906,568
Entertainment	7,647	12,469
Insurance	1,188,101	2,065,042
Magazines, books and periodicals	89,823	211,643
Fuel and oil	1,243,293	1,490,302
Postage and courier	2,271	2,321
Printing and stationery	1,886,668	1,932,039
Promotions	635,068	1,177,528
Protective clothing	246,289	267,134
Royalties and license fees	5,501,319	4,925,920
Staff welfare	259,317	242,437
Subscriptions and membership fees	2,195,288	2,156,290
Telephone and fax	4,907,697	2,459,846
Training	582,067	1,925,735
Subsistence & Travel	2,030,972	1,998,284
Loss due to theft	2,644,529	-
Office refreshments	362,157	422,375
Workshops	9,373,869	13,989,259
Congresses & Meetings	184,123	187,888
Expenses from Grants	9,894,550	10,636,068
External Bursaries	463,729	636,850
Donations & Grants	729,089	334,005
Catering Expenses	762,832	874,705
	<b>63,373,779</b>	<b>61,926,523</b>

### 27. Cost of sales

#### Sale of goods

Cost of Aviation fuel	2,130,447	2,177,189
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Aviation fuel (JET A1 and AVGAS) are sold at the Vereeniging Aerodrome.

### 28. Auditors' remuneration

Fees	2,375,783	2,627,279
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### 29. Cash generated from operations

Deficit	(45,226,767)	(5,471,452)
<b>Adjustments for:</b>		
Depreciation & Amortisation	22,294,572	28,583,637
Loss / (Gain) on sale of assets and liabilities	(120,662)	(136,166)
Finance costs - Finance leases	503	16,580
Debt impairment Inventory	137,243	94,454
Movements in provisions	(187,610)	(1,057,419)
Asset Movement GGR	150,808	(6,023)
<b>Changes in working capital:</b>		
Inventories	48,860	84,467
Receivables from exchange transactions	(7,052,542)	(2,912,027)
Debt impairment inventory	(137,243)	(94,454)
Assets under construction	12,803,412	(8,337,474)
Payables from exchange transactions	25,344,750	(2,538,288)



# Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

## Notes to the Financial Statements

Figures in Rand

	2016	2015 as restated
VAT	2,601,808	(2,494,954)
Unspent conditional grants and receipts	(3,322,372)	5,304,660
	<b>7,334,760</b>	<b>11,035,541</b>

### 30. Risk management

#### Financial risk management

##### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

##### Interest rate risk

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Categories of Financial Instruments	2016	2015 as restated
<b>Financial Assets</b>		
Cash and cash equivalents	8,902,708	10,414,507
Inventories	249,326	298,186
Trade and other receivables from exchange transactions	19,800,000	12,747,458
VAT Receivable	-	2,452,906
	<b>28,952,034</b>	<b>25,913,057</b>
<b>Financial Liabilities</b>		
Unspent conditional grants and receipts	16,649,807	19,972,179
Provisions	-	187,610
VAT Payable	148,902	-
Finance lease obligation	-	43,460
Trade and other payables from exchange transactions	108,753,816	70,605,652
<b>Total Liabilities</b>	<b>125,552,525</b>	<b>90,808,901</b>

If the interest rates received on investments increase or decrease by 100 basis points, the effect on the Statement of Financial performance would be as follows:

	2016		2015	
Floating Rate Financial Assets	Rate %	Effect on Surplus	Rate %	Effect on Surplus
Cash and cash equivalents	1%	89,027	1%	104,145
Inventories	1%	2,493	1%	2,982
Trade and other receivables from exchange transactions	1%	198,000	1%	127,475
<b>Floating Rate Financial Liabilities</b>				
Unspent conditional grants and receipts	1%	(166,498)	1%	(199,722)
Provisions	1%	-	1%	(1,876)
Trade and other payables from exchange transactions	1%	(1,087,538)	1%	(706,057)

# Sedibeng District Municipality

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### 31. Commitments

#### 31.1 Contracted capital and operating expenditure

##### Unspent conditional grants and receipts

Provincial Grants	16,407,460	14,034,791
National Grants	35,887	4,656,809
DLG Grants	206,460	1,280,579
	<b>16,649,807</b>	<b>19,972,179</b>

The current unspent conditional grants are all committed funds which still need to be utilized in order to meet the conditions as stipulated in the various government gazettes.

##### Capital commitments arising as a result of contractual obligation:

Fibre Optic Project	2,179,535	5,248,393
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#### 31.2 Operating leases - as lessee (expense)

##### Minimum lease payments due

within one year	5,521,330	5,597,448
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Operating lease payments represent rentals payable by the municipality for certain of its office properties.

#### 31.3 Finance leases

##### Minimum lease payments due

within one year	-	43,460
within two years		-

### 32. Contingencies

The Municipality may be liable for claims instituted against the Municipality by employees who have disputes against the Municipality. The amount is uncertain as an arbitration award has not yet being issued against those claims.

There is currently a dispute between Sedibeng District Municipality and the Gauteng Department of Transport relating to the treatment of VAT on agency services. Council may be liable for an amount of R 36,460,593.

The rates and taxes account with Emfuleni is currently under dispute where the Vereeniging Aerodrome is registered at the deeds office as one whereby rates accounts is currently being subdivided into different stands. Charge out of fees to a separate account was also done whereby certain accounts are not payable by Sedibeng District Municipality. The amount currently in dispute amounts to R 18,037,030

Contingencies arising from pending litigation on wage curve agreement - On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system. Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgment on 29 August 2012. To date this Labour Court of Appeal case has not been finalised. As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/ payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation. The wage curve agreement have not yet been implemented at the Sedibeng District Municipality as job evaluations have not yet been done and therefore it is consequently impracticable to reliably measure the obligation that might exist as a result of the wage curve agreement.

#### Contingent assets

Emergency Medical Services has been transferred to the Department of Health whereby unfunded expenditure related to the previous year's might be recoverable which amounts to R 13,5Million.

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The municipality had a loss due to theft whereby an amount of R2,644,528 might still be recoverable through legal processes currently ongoing. (see note 40.6 for more information)

The municipality has dismissed an employee due to absenteeism and therefore need to recover the amount paid to the employee for the period of being absent.

### 33. Prior year amendments

#### 33.1 Prior period errors

A VAT review has resulted in a refund received during the year which relate to prior periods. The amount recovered amounts to R715,177 while interest accrued in the prior year of R113,451 was not taken into consideration.

SALGA fees for task system workshop was not provided for in the prior year resulting in creditors understated with R36,000

#### 33.2 Change in accounting policy (Adjustments)

None

The correction of the error(s) and change in accounting policy results in adjustments are as follow:

Statement of changes in net assets	
Opening Balance 1 July 2014	92,365,454
SARS (Vat Review)	715,177
Creditors understated (SALGA workshop)	(36,000)
Restated Closing balance 1 July 2015	93,044,631
Surplus (Deficit) for the year 2015	(6,015,362)
Expenditure (VAT Review)	464,479
Revenue (VAT review)	1,980
Interest Accrual	113,451
Contracted services (Creditor understated)	(36,000)
Restated Surplus (deficit) for the year 2015	(5,471,452)

### 34. Going concern

We draw attention to the fact that at 30 June, 2016, the municipality had accumulated surplus of R 47,811,471 and that the municipality's total assets exceed its liabilities by R 47,811,471.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As a District Municipality based on our powers and functions we are completely grant dependent. No other main revenue source is obtainable. Over the last 6 years, as a result of the global financial economy constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of our main source of revenue, the Equitable share. It is as a result of the global financial constraint that the equitable share over the last 6 years were reduced far lessor than the CPI for each financial period. In addition salary increases for the South African Local Bargaining Council was implementing salary increases more than the equitable share growth allocated to municipalities over the last 6 years – UNCONTROLABLE to municipalities. The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 5 years which is still in place (HR dashboard-attrition, leave management, etc and financial snapshot position of municipality performed monthly. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations based on the grants received. The grants has been ring-fenced and are adequately apportioned for its main purpose. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost.



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We draw further attention to the fact that at 30 June, 2016, the municipality's current liabilities exceed its current assets with R96,600,491. In addition the anticipated unfunded mandate of R13,5 million for Emergency Medical services rendered to the Provincial Department of Health is still owed to Sedibeng District Municipality which is currently been shown as a contingent asset.

The municipality also had operating loss in the current financial year of R45,226,767 (previous financial year loss of R5,471,452) which resulted in a decline in the net asset value.

The Municipality is busy with a process of aligning the current powers and functions assigned to the District and the Locals in order to regain sustainability within the District. Drastic cost saving measures will be implemented starting with a process of restructuring the organization based on the assigned powers and functions.

### 35. Events after the reporting date

It has been identified that land is incorrectly registered at the Deeds Office in the name of Sedibeng District Municipality. These properties still need to be transferred to their rightful owner, Emfuleni Local Municipality.

### 36. Unauthorised expenditure

The municipality is having an operating deficit resulting from overspending on the operating budget during the financial year to the amount of R14,041,706

### 37. Fruitless and wasteful expenditure

Possible fruitless and Wasteful expenditure are investigated and where applicable recovered from the Employee / Councillor concern. An amount of R 174,595 is currently being recovered from employees related to training cost. See annual report for details on all recoveries during the year.

An amount of R45,058 was paid in addition for postponement of an event on the deliberation on powers and functions. The event had to be rescheduled in order to avoid any additional fruitless and wasteful expenses which could have resulted from the signed agreement.

An employee has received a salary while on sabbatical leave to the value of R 549,173 and has subsequently signed an acknowledgement of debt as well as a contract to repay the money due to the municipality.

Opening balance	143,141	198,985
Paid off during the year	(111,949)	(164,653)
Fruitless and wasteful expenditure identified during the year	692,576	108,809
	<b>723,768</b>	<b>143,141</b>

### 38. Irregular expenditure

An amount of R375 366 deemed as irregular expenditure was incurred in the current financial year based on an appointment made in deviating from the SCM legislation. The tender specifications were amended during the adjudication stage to accommodate an additional service. For all the expenditure incurred goods or services were received.

Opening balance	-	-
Paid off during the year	-	-
Irregular expenditure identified during the year	375,366	-
	<b>375,366</b>	<b>-</b>

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#### 39. Accumulated surplus

##### Ring-fenced internal funds within accumulated surplus - 2016

Government Grant Reserve	Movement of ring-fenced internal funds	Total
Opening balance	1,303,898	1,303,898
Offsetting of depreciation	(270,652)	(270,652)
Capital grants used to purchase property, plant and equipment	150,807	150,807
Asset Disposal	-	-
	<b>1,184,053</b>	<b>1,184,053</b>

##### Ring-fenced internal funds within accumulated surplus – 2015

Government Grant Reserve	Movement of ring-fenced internal funds	Total
Opening balance	1,837,691	1,837,691
Offsetting of depreciation	(527,766)	(527,766)
Asset Disposal	(6,027)	(6,027)
	<b>1,303,898</b>	<b>1,303,898</b>

#### 40. Additional disclosure in terms of Municipal Finance Management Act

##### 40.1 PAYE and UIF & Skills levy

Current year subscription / fee	35,677,739	33,161,595
Amount paid - current year	(35,677,739)	(33,161,595)
	-	-

##### 40.2 Pension and Medical Aid Deductions

Current year subscription / fee	61,193,971	57,382,370
Amount paid - current year	(61,193,971)	(57,382,370)
	-	-

##### 40.3 VAT

VAT receivable	-	2,452,906
VAT payable	148,902	-
	<b>148,902</b>	<b>2,452,906</b>

All VAT returns have been submitted by the due date throughout the year.

##### 40.4 Television sets in terms of the Television License Regulations under the Broadcasting act no 4 of 1999, as amended

Description	Number of sets	Period that sets were in entity's possession
Owned television sets	51	51 sets were used for the full year;
Rented or leased television sets	-	
Number of sets donated/ alienated	-	
<b>TOTAL</b>	<b>51</b>	

##### 40.5 Related party transactions

The Council is rendering information technology services to both Erfuleni and Midvaal local municipalities. Claims towards actual salary expenses have been lodged on a monthly basis whereby the cost incurred for the year was as follow:

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Emfuleni Local Municipality	R 6,384,019
Midvaal Local Municipality	R 792,274

The Local Municipalities is rendering Municipal Health services and specialized fire services on behalf of the Sedibeng District Municipality. The expenses incurred amounts to R 17,481,018 as shown in note 25 (specialist services).

The Municipality is rendering an agency service on behalf of the Department of Transport for the performance of registering and testing authority functions (RA, DLTC and VTS functions) – see license and permit income where R61,390,138 was paid for services rendered in the 2015/16 financial year.

Councillors and specifically the Executive Mayor and Speaker remuneration in terms of the government gazette are shown separately in note 21.

Section 57 employees' (Key Management) remuneration packages are shown separately in note 20. Section 57 employees are required to enter into an annual performance contract where pre-determined objectives are linked to the integrated development Plan. Councillors and all officials must annually declare their interests and the interest of close family members to Council.

Audit Committee members have received an allowance of R 110,000 for the year under review.

The Council is in the process of establishing a State Owned Company (SOC), "The Vaal River City Tourism Promotion Company SOC" which will operate as a municipal entity to render the local tourism function. The CIPC Commissioner has registered the entity taking effect as from 30 August 2013, however, the establishment of the entity as per section 84(2) MFMA have as yet not been concluded and operations were not undertaken in terms of sections 85 through to 104 MFMA and hence there are no further disclosures to be made in terms of section 92 MFMA for the year ended 30 June 2016.

### 40.6 Loss due to theft

The municipality had an incident of fraud involving a computer security breach whereby a financial transaction to the value of R3,795,121.75 was intercepted and transferred to a fraudulent bank account. A forensic investigator was appointed and a criminal case opened at the South African Police Department. An amount of R1,150,593.10 has been recovered while the remaining amount forms part of the case pending with the SAPD which is inclusive of legal action taken



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### 40.7 Declaration of business conducted to close family members of persons in the service of the state

The below table list the awards to close family members of persons in the service of the state and awards to persons in the service of the state.

#### 1. Awards to close family members of persons in the service of the state

Company Name	Initials	Surname	Designation and Employee NO.	Relationship with the company	Amount Paid
Panorama Bloemiste CC	CS	Heunes	Senior Accountant Expenditure 17530	Spouse to the Director/Shareholder	R 36,600

#### 2. Awards to persons in the service of the state

Name of person	Surname	State institution where employed	Supplier name	Expenditure (Payments) – current year (R)
Malasilo Ethel	Mashaba	Tshwane Metropolitan Municipality	TD Mashaba And Sons Cc	19 000,00
Swelindaba Michael	Qebengu	South African Police Service	Qebengu Trading Cc	23 926.31
Maria Masetheng	Kubheka	GP: Education	Bongani Makhunga Trading Enterprises Cc	78 718.87
Ellen	Adiuba Young	GP: Health	Twin Network Services And Projects (Pty) Ltd	39 998,80
Vuyokazi	Gqomo	GP: Health	Diiteleni Bricks And Trading Cc	28 500,00
Thubuthubu Joshua Prettyboy	Phele	South African Police Service	Dirt Predators Cc	58 700,00
Puleng Margaret	Lethoba	GP: Education	Tiaco Trading Cc	12 200,00
Leroma David	Theoane	HWSETA	Molathewa Trading Cc	15 700,00
Teboho Johannes	Pitso	Transnet TFR	First For The People Trading And Projects 11cc	7 454,19
Mokhobo Elliot	Helepi	South African Post Office Li	Hepit Trading And Projects Cc	80 487,00
Piet Koos	Nightingale	South African Post Office Li	Hepit Trading And Projects Cc	80 487,00
Serame Jerome	Koeithing	Midvaal Local Municipality	Kgathallo Distributors Cc	14 550,00
Jacobeth Dikeledi Refilwe	Sibusi	GP: Education	Kgathallo Distributors Cc	14 550,00
Ntsieni Hendrick	Rammese	Transnet TFR	Sendville Enterprises (Pty) Ltd	80 000,00
Innocentia	Moroa	South African Airways	Zenzi Sechaba Construction And Projects (Pty) Ltd	185 000,00
Lungile Brenda	Mabuza	GP: Health	Antonime Trading And Projects (Pty) Ltd	17 500,00
Belinda Zandile	Sekhoto	GP: Liquor Board	B And P Legal Consulting (Pty) Ltd	55 000,00
Nelson Mgata	Maake	Department of Defence	Maake Mokone Civil Projects & Security (Pty) Ltd	27 000,00
Alex Boama	Darko	Transnet Group	Business Connexion (Pty) Ltd	529 516.59
Mathukana Givion	Mokoka	W&R SETA	Schindler Lifts (S.A.) (Pty)Ltd	117 536.42
Stephanus Hermanus	Schoeman	SASRIA Limited	Guardrisk Allied Products And Services (Pty)Ltd	3 000,00

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### 41. Deviation from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for deviation	Approved by	Cluster	Amount	SCM Comments
36(1)(a)(i)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Silver Solutions 2514	10-Jul-15	Emergency repairs of air conditioner units	Municipal Manager	Corporate Services Cluster	R 62,859.60	Emergency Request where there was insufficient time to follow processes for PRQs
36(1)(a)(iii)	acquisition of special works of art (performance artist)	Mannete Construction	13-Aug-15	Brass band -specialist gospel artists	Municipal Manager	Office of the Chief Whip	R 40,000.00	Performance Artist
36(1)(a)(iii)	acquisition of special works of art (performance artist)	TA Music Production	24-Aug-15	DJ-specialist performing artists for Women's' Month Programme	Municipal Manager	Office of the Speaker	R 42,543.86	Performance Artist
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	LS Hotel (Pty) Ltd	4-Sep-15	District-Wide IDP / Budget Lekgotla 16/9/2015	Municipal Manager	Office of the Municipal Manager	R 35,000.00	The user dept sourced their own quotes with the approval of the MM and indicated that this was the only venue suitable for their purposes which met the appropriate security requirements. SCM were not given a directive to initiate requests for formal written quotes 7-day notice.

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Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for deviation	Approved by	Cluster	Amount	SCM Comments
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Messrs Vision Active	28-Sep-15	Institutional Diagnostics Project for the entire municipality	Municipal Manager	Corporate Services Cluster	R 649,800.00	Single sourcing. Service provider was appointed based on extension on previous work conducted by the service provider for the organisation. The user department sourced their own quote directly from the service provider and no processes for competitive bid were followed (as prescribed by the amount of the award).
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Vaalnest (Pty) Ltd	14-Oct-15	MPAC strategic session	Municipal Manager	Office of the Speaker	R 49,678.00	The user dept sourced their own quotes with the approval of the MM and indicated that this was the only venue suitable for their purposes which was not fully booked. SCM were not given a directive to initiate requests for formal written quotes 7-day notice.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Shakespeare inn	1-Dec-15	Meeting with stakeholders	Municipal Manager	Office of the Executive Mayor	R 72,963.50	Preferred venue based on proximity to local stakeholders
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Tiflins Trading Enterprise	4-Dec-15	Procurement of office furniture for the new Executive Mayor	Municipal Manager	Office of the Executive Mayor	R 152,560.40	PRQs process was followed as there was insufficient time to follow Regulation 18 RFQ process



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Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for deviation	Approved by	Cluster	Amount	SCM Comments
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Majestic Fresh Produce and Market	7-Dec-15	Donation of vegetables for the Funeral of late Councillor Theresa Ramashomola	Municipal Manager	Corporate Services Cluster	R 12,285.00	Single Sourcing where there was insufficient time to follow processes for PRQs
36(1)(a)(iii)	acquisition of special works of art (performance artist)	Global Events	7-Jan-16	Drummer-specialist artists for Mayoral Awards	Municipal Manager	Office of the Municipal Manager	R 25,564.50	Performance Artist
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Vaalnest (Pty) Ltd	21-Jan-16	MPAC strategic session 27-29/01/2016	Municipal Manager	Office of the Speaker	R 43,958.16	The user dept sourced their own quotes with the approval of the MM and indicated a requirement for overnight accommodation. SCM were not given a directive to initiate requests for formal written quotes 7-day notice.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Emerald Casino	27-Jan-16	Tender advertised bid no:8/2/1/6-2015, no responses were received for Mayoral Awards.	Municipal Manager	Office of the Municipal Manager	R 341,791.00	Tender advertised bid no:8/2/1/6-2015, no responses were received for Mayoral Awards. There was insufficient time available to re-advertise and MM approved to procure via direct negotiations
36(1)(a)(i)	Emergency procurement	Mardo Fotos Three River	29-Jan-16	Emergency: Camera malfunctioned at the Mayoral Awards event and Mardo Fotos were only service provider to respond after hours	Municipal Manager	Office of the Municipal Manager	R 21,090.00	Emergency: Camera malfunctioned at the Mayoral Awards event and Mardo Fotos were only service provider to respond after hours

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Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for deviation	Approved by	Cluster	Amount	SCM Comments
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Messrs Vision Activ	16-Feb-16	Institutional Diagnostics Project for the entire municipality	Municipal Manager	Corporate Services Cluster	R 250,800.00	Single sourcing. Service provider was appointed based on extension on previous work conducted by the service provider for the organisation. The user department sourced their own quote directly from the service provider and no processes for competitive bid were followed (as prescribed by the amount of the award).
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Khaprop Properties (Pty) Ltd	8-Mar-16	Powers & Functions Workshop 19/03/2016	Municipal Manager	Office of the Chief Whip	R 180,234.00	The user dept sourced their own quotes with the approval of the MM and indicated a requirement for overnight accommodation. SCM were not given a directive to initiate requests for formal written quotes 7-day notice.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Khaprop Properties (Pty) Ltd	29-Mar-16	Postponement fee for Conference dated 19 March 2016	Municipal Manager	Office of the Chief Whip	R 45,058.50	The venue was originally booked for 19th March 2016 however the Workshop was postponed and the SLA entered into by the municipality and service provider specified a postponement fee payable.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Guardian Forensic Service	29-Mar-16	Approval to appoint Specialist forensic investigations consultancy Service.	Municipal Manager	Office of the Municipal Manager	R 106,590.00	Approval to appoint Specialist forensic investigations, according to MFM Act(56/2003) Supply Chain Regulation

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### Notes to the Financial Statements

Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for deviation	Approved by	Cluster	Amount	SCM Comments
								36(1)(a)(v)in exceptional case where it is impractical to follow the official procurement processes, and to appoint a specialist forensic investigations consultant to scrutinise the matter further.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Khaprop Properties (Pty) Ltd	5-May-16	Powers & Functions Conference (08/05/2016) - extension of scope of work	Municipal Manager	Office of the Chief Whip	R 23,843.00	The extension of scope of work was approved by the MM as the conference format required break-away rooms and overnight accommodation which were not included in the original scope of work.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	LS Hotel (Pty) Ltd	6-May-16	Satellite venue for SODA 2016	Municipal Manager	Office of the Municipal Manager	R 30,000.00	The original venue procured was cancelled and the Vaal Business Chamber relocated the satellite venue to Three Rivers after consultation with the MM.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Khaprop Properties (Pty) Ltd	8-Jun-16	Powers & Functions Conference (08/05/2016) - overtime and evening conferencing fees	Municipal Manager	Office of the Chief Whip	R 37,734.00	The proceedings of the conference ran into the evening, incurring additional costs for evening conferencing facilities.
36(1)(a)(v)	Any exceptional cases where it is impractical or impossible to follow the official procurement processes	Bon Hotel Riviera on Vaal	20-Jun-16	Strategic Session	Municipal Manager	Office of the Municipal Manager	R 48,600.00	Due to short notice of need for session, insufficient time was available to apply SCM Reg 17 formal written quotes 7-day notice. The user dept sourced own venue based on their



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Financial Statements for the year ended 30 June, 2016

### Notes to the Financial Statements

Applicable paragraph in SCM Policy		Name of Supplier	Transaction Date	Reason for deviation	Approved by	Cluster	Amount	SCM Comments
								requirements.
				TOTAL FOR 2015 / 2016			R 2,272,953.52	

## Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2016

### Notes to the Financial Statements

#### 42. Budget differences

#### **Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2016**

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
<b>Revenue</b>					
Sale of goods	2,214,470	2,481,633	(267,163)	(10.8%)	More fuel sold than budget due to demand of fuel at the Vereeniging Aerodrome
Rental of facilities and equipment	9,308,199	8,215,161	1,093,038	13.3%	Based on economy the fresh produce market budget revenue could not realize
Income from agency services	6,428,340	7,176,292	(747,952)	(10.4%)	More revenue based on additional needs identified by local municipalities
Licenses and permits	63,573,413	61,390,138	2,183,275	3.6%	
Other income - (rollup)	15,450,277	3,633,612	11,816,665	325.2%	Anticipated revenue for unfunded mandate not realized
Interest received - investment	2,040,000	2,518,866	(478,866)	(19.0)%	Interest higher than anticipated based on investments made
<b>Total revenue from exchange transactions</b>	<b>99,014,699</b>	<b>85,415,702</b>	<b>13,598,997</b>	<b>15.92%</b>	
<b>Taxation revenue</b>					
Government grants & subsidies	262,738,452	258,610,416	4,128,036	1.6%	
<b>Total revenue</b>	<b>361,753,151</b>	<b>344,026,118</b>	<b>17,727,033</b>	<b>5.2%</b>	

## Sedibeng District Municipality

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### Notes to the Financial Statements

#### Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2016

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
<b>Expenditure</b>					
Personnel	(220,275,438)	(228,998,467)	(8,723,029)	(3.8%)	
Remuneration of councillors	(12,632,515)	(12,431,722)	200,793	1.6%	
Depreciation and amortisation	(23,848,600)	(22,294,572)	1,554,028	7.0%	
Finance costs	-	(503)	(503)	(100%)	No budget provision made
Lease rentals on operating lease	(6,562,850)	(6,438,176)	124,674	1.94%	
Debt impairment		(137,243)	(137,243)	(100%)	No budget provision made
Public Participation	(367,200)	(360,868)	6,332	1.75%	
Repairs and maintenance	(5,054,494)	(5,473,452)	(418,958)	(7.7%)	
Contracted Services	(42,686,517)	(42,087,391)	599,126	1.4%	
Transfers and Subsidies	(5,377,696)	(5,646,927)	(269,231)	(4.8%)	
Sale of goods/Inventory	(2,000,000)	(2,130,447)	(130,447)	(6.12%)	
General Expenses	(56,526,931)	(63,373,779)	(6,847,248)	(10.80%)	A loss due to theft has occurred during the year resulting in an unforeseen expense.
<b>Total expenditure</b>	<b>(375,331,841)</b>	<b>(389,373,547)</b>	<b>(14,041,706)</b>	<b>(3.1%)</b>	
<b>Operating deficit</b>	<b>(13,578,690)</b>	<b>(45,347,429)</b>	<b>(31,768,739)</b>		
Gain on disposal of assets and liabilities	100,000	120,662	20,662	17.12%	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(13,478,690)</b>	<b>(45,226,767)</b>	<b>(31,748,077)</b>	<b>(70.2%)</b>	



**ANNEXURE “E”**

**VOL III - ANNUAL  
PERFORMANCE  
REPORT 2015/16**



# Annual Performance Report 2015/2016

"Together Moving Forward  
with our Communities"





# TIE

## Licensing

(4 of 4)

	Target
Focus Area: Reviving our Environment TIE 3	
KPA : Reviving our Environment TIE 3	
‣ Endeavour that all licensing centres receive a compliant report during the 2015/16 year from the Inspectorate Unit of the National Department of Transport	●
‣ Establish Armed Reaction Security Services	■
‣ Procure storage containers to store old licensing files at every licensing center and Refurbish current filling rooms to comply with norms and standards.	●
‣ Support in the identification and confirmation of the site for the establishment of a licensing centre in the previously disadvantaged area.	●
‣ Installation of panic buttons at cashier counters	■
‣ Facilitate the upgrading and retrofitting of the Vereeniging and Vanderbijlpark learner license classes to accommodate CLLT (computerised learner license	●
‣ Provide a secure environment for people and the protection of municipal assets.	■
‣ Establish a customer care system (help-desk) at the Vereeniging licensing centre.	●
‣ Retrofit the VTS infrastructure to accommodate drive-thru vehicle license renewal centres	●
‣ Introduce electronic access control or manual access register at main entrances (gate).	■
‣ Retrofit existing public service delivery points (infrastructure) to accommodate vehicle license renewal points.	●
‣ Upgrade and refurbish the Meyerton driver testing ground to be compliant to legislation.	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT



## Environment continued...

▼ Promulgation of the AQM by law for the Sedibeng District	■
Convert 100% of APPA registration certificates to AEL	●
Installation of PM & SO2 monitors at Meyerton station	■
Installation of PM and SO2 monitors at Vanderbijlpark station	●
Implement the Relocation of the Meyerton Station	●
Implementation of VTAPA priority area awareness campaign	●
Resuscitation of the Vanderbijlpark station.	●
Focus Area: Reviving our Environment TIE 1	
KPA : Reviving our Environment TIE 1	
▼ Promulgation of the MHS By laws for the Sedibeng district	●
Implementation of the x9 elements of MHS as defined	●
Development of SLA for the rendering of MHS with Service providers	●
Maintenance and improvement of the IGR structure on MHS	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT

# TIE

(2 of 4)

## Environment

	Target
Focus Area: Renewing our communities TIE	
KPA : Renewing our communities TIE	
▷ Develop regional master plan for water, sanitation and electricity	■
Focus Area: Reviving our Environment TIE 2	
KPA : Reviving our Environment TIE 2	
▼ Implementation of environmental awareness initiatives	■
Facilitate the celebration of ad-hoc Environmental Events	●
Facilitate Clean and green educational campaign.	●
Support the Environmental Youth Services programme	●
Facilitate and ensure implementation of the National Waste Management Strategy	■
Facilitate and conduct Environmental Career Exhibition.	●
Support the implementation of MIK programme.	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT



## Transport &amp; Infrastructure

	Target
Focus Area: Reintegrating our region TIE 1	
KPA : Reintegrating our region TIE 1	
‣ In partnership with Province, upgrade the Vereeniging Taxido Junction	●
‣ Developing a framework for developing freight plan and freight strategy	●
‣ In partnership with Province and ELM, commission a study on the feasibility of a freight facility in the region.	●

MENU

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT



## LED &amp; Tourism

	Target
<b>Focus Area: Reinventing our Economy LED2</b>	
<b>KPA : Reinventing our Economy LED2</b>	
▶ Submit to Council the Regional Economic Framework.	●
▶ Increase EPWP roll out Programmes	●
▶ Facilitate programmes in the value chain of agro processing and value-add markets to Establish an Agro-Processing Forum	●
▶ Facilitate support for Cooperatives, small scale farmers and SMMEs businesses through Training Workshops	●
▶ Improve Participation and Coordination of CRDP Programme	●
▶ Facilitate and Coordinate the CWP Programmes	●
▶ Facilitate the Coordination and Management of Tractor Mechanization Support Programme.	●
▶ Facilitate Local Economic Opportunities through	●
▶ Coordinate Fab-Lab through products simulation	●
▶ Coordinate the Support for Food Security Programmes and Households and Institutional Food Nutrition Programmes.	●

MENU

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT

## External Communication

	Target
Focus Area: Deepening Democracy Communications	
KPA : Deepening Democracy Communications	
▷ Revised a Communications Strategy	■
▷ Monitoring on the Events Planning and Implementation	●
▷ Maintain Website through monthly updates	●
▷ Implementation of SDM Corporate Identity Manual	●
▼ Improve Media relations	●
Updating of the Stakeholder Database	■
▷ Media Monitoring Services	●
▷ Branding of Municipal Events	●
▼ Implementation of Stakeholder Relations Strategy	●
Coordinate District Communications Forum Meetings	●
▷ Review the Events Management Policy and Submit to Council	■
▷ Revise a Marketing and Branding Strategy and Submit to Council	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT



# SPED NDPG

(1 of 3)

	Target
<b>Focus Area: Renewing our community Spatial Planning</b>	
<b>KPA : Renewing our community Spatial Planning</b>	
▼ Monitoring and Reporting on the Urban Regeneration Projects Progress	●
Transfer of all the completed NDPG projects to local municipalities with a maintenance plan	●
Monitoring and Reporting on the NDPG Projects Transfer Progress	●
Monitoring and Reporting on the Progress of River City and other Province Special Development	●
▼ Develop the Five Year Spatial Development Framework and the Progress Report on the SPLUMA Implementation and Submit to Council	●
Update the Spatial Development Framework for annual review of the IDP 2016/17	●
▼ Improve the function of the Geographic Information Systems (GIS) through Integration	●
Develop and Update a Functional Integrated Geographic Information Systems (GIS)	●
Facilitate the Implementation of SPLUMA	●
▶ Monitoring and Reporting on the Progress of the Precincts Development	●
▼ Monitoring and Reporting on the Progress of the Savannah City and Housing in Midvaal	●
Quarterly Reporting to Council on the Urban Regeneration Projects	●
Monitoring and Reporting on the Progress of Kwa Masiza and all Housing in Emfuleni	●
<b>Focus Area: Renewing our community1</b>	
<b>KPA : Renewing our community1</b>	
▼ Monitor and Evaluate Housing Projects	●
Transfer the Title Deeds to Beneficiaries	●
Coordinate Housing Forum and report on housing Delivery in the region to Council	●

MENU

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT



# CORPORATE SERVICES

(5 of 5)

## IT

	Target
Focus Area: Good And Financially Sustainable Governance IT	
KPA : Good And Financially Sustainable Governance IT	
▸ Maintaining adequate operations and procedures to ensure high up time of systems and networks	●
▸ Roll-out of Fiber Optic Network	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT

# CORPORATE SERVICES

(4 of 5)

## Facilities

	Target
Focus Area: Good and Financial Sustainable Governance FAC	
KPA : Good and Financial Sustainable Governance FAC	
‣ Develop and Implement the Safety and Management Plan	●
‣ Integrated Fleet Management System managing leasing and rental	●
‣ Maintenance of Fleet Assets due	●
‣ Integrated Fleet Management System managing fuel management	●
‣ Ensure Municipal Buildings and Sites are Maintained	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT



# CORPORATE SERVICES

(3 of 5)

## Legal & Support

	Target
Focus Area: Good and financially sustainable governance Legal	
KPA : Good and financially sustainable governance Legal	
‣ Develop and implement strategic and operational record keeping implementation plans that cover all business activities within Council	●
‣ Promotion of PAIA and PAJA - awareness programmes	▲
‣ Installation of intercommunication PBX in all Clusters	■
‣ Drafting of legally compliant contracts.	●
‣ Conduct annual in-loco inspections of all authorised filing rooms for compliance purposes	●
‣ Provision of high quality legal advisory support and/or comments to end-user Clusters/ Directorates	●
‣ Conduct Effective training to switchboard operators about the new system	■
‣ Train staff on records management best practice	●
‣ Contract Management Monitoring and Reporting	●
‣ Implement Information workshop on awareness of staff for promotion of proper records management and compliance	■
‣ Effective secretarial services to Council, Mayoral and related Committee meetings	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT



# CORPORATE SERVICES

(2 of 5)

## Utilities

	Target
Focus Area: Good and Financially Sustainable Governance UTI	
KPA : Good and Financially Sustainable Governance UTI	
▸ Ensure a Sustainable Airport	●
▼ Improved Market Operations	■
Implement effective Management control of Vereeniging Fresh Produce Market	■

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable




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NEXT





# CORPORATE SERVICES

(1 of 5)

## HR

	Target
Focus Area: Good and Financially Sustainable Governance HR	
KPA : Good and Financially Sustainable Governance HR	
▸ Implement Employee Wellness Events	
▸ Institutionalization of Proactive Programmes to Harmonize Labour Relations	
▸ Improve Labour Relations and Maintain Conducive Working Environment through regular LLF Meetings	

MENU

Legend:  Target Met  In Progress  Target Not Met  No Reporting/ Not Applicable

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NEXT

# Community Services

(5 of 5)

## Emergency Management Services

	Target
Focus Area: Releasing Human Potential CS6	
KPA : Releasing Human Potential CS6	
▼ Review and update disaster management plan	●
Conduct Disaster Management Awareness Campaigns	■
Monitoring and Reporting on Risk Management	●
Conduct Plenary Meetings for awareness programs	■
Conduct Emergency Services Forum Sitzings	●
Reporting and Monitoring on Response and Relief Activities	●
Develop a Disaster Management Relief Policy	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

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NEXT



# Community Services

(4 of 5)

## HIV/AIDS

	Target
Focus Area: Releasing Human Potential CS 5	
KPA : Releasing Human Potential CS 5	
▼ Door-to-Door HIV&AIDS behaviour change campaigns	●
Facilitate, coordinate and monitor increase in HCT uptake and coverage	●
▷ Facilitate AIDS Council Meetings	■
▷ Monitoring and Reporting on the HIV/AIDS and HCT programmes	●
▷ Implementation of HIV & AIDS Door-to-Door campaigns to Households	●
▷ Implementation of HIV & AIDS Door-to-Door campaigns to People	●
▷ Attending Meetings and Reporting on Intergovernmental collaboration	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT

# Community Services

(3 of 5)

## Health and Social Development

	Target
<b>Focus Area: Releasing Human Potential CS 7</b>	
<b>KPA : Releasing Human Potential CS 7</b>	
▶ Facilitate District Health Council (DHC) meetings and activities	●
▼ Support Implementation of Health Programmes	●
Support Youth Development Programmes	●
Facilitate implementation of Early Childhood Development (ECD) Policy	●
Facilitate Implementation of Gender and Women Programmes	●
Facilitate implementation of Youth Advisory Centre Programmes	●
Support Social Development Forums Activities	●
Facilitate implementation of Sedibeng External Student Financial support programme	●

MENU

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT



# Community Services

(2 of 5)

## SRACH

	Target
Focus Area: Releasing Human Potential CS4	
KPA: Releasing Human Potential CS4	
▼ Support Arts and Cultural Programmes	●
Process Applications for the Name Change Process	●
Facilitate declaration of Heritage resources	●
Host Commemorative Events in Partnership with National and Province	●
Focus Area: Releasing Human Potential CS3	
KPA: Releasing Human Potential CS3	
▼ Support Sports and Recreation programmes	●
Support Regional Craft Hub	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

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NEXT



# Community Services

(1 of 5)

## Community Safety

	Target
Focus Area: Releasing Human Potential CS1	
KPA : Releasing Human Potential CS1	
‣ Strengthen and monitor Community Safety Forum through regular stakeholders engagements	●
‣ Support events safety planning processes through safety meetings and plans	●
‣ Render CCTV Maintenance and repairs services and produce a fully completed CCTV Maintenance & Repairs Register	●
‣ Implement and support community safety programmes	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT

# FINANCE

(2 of 2)

## Supply Chain Management

	Target
<b>Focus Area: Good and Financially Sustainable Governance SCM</b>	
<b>KPA : Good and Financially Sustainable Governance SCM</b>	
‣ Improvement to Supply chain management Efficiencies by ensuring contractual payments are aligned to contract schedules	■
‣ Placing of orders for all tenders and formal written quotations awarded	●
‣ Suppliers paid within 30 days after the receipt of invoice to maximize settlement discounts	●
‣ Development and implementation of annual procurement plan	●
‣ Improvement to Supply chain management Efficiencies (3) – statutory reporting	●
‣ Establish parameter benchmark pricing to eliminate paying an excessive premium for goods	●
‣ Improvement to Supply Chain Management Efficiencies through reduction in number of days to award Tenders	■
‣ Cost containment/elimination wastage/Ensure value for money	●
‣ Provide support to SMME's through the tender advisory centre	●
‣ Good and financially sustainable governance SCM	●
‣ Management of the procurement finance scheme	●
‣ Implementation of Sedibeng District Municipality (SDM) Management procurement strategy to promote SMME's in the region	●
‣ Implementation of sourcing strategies through cross functional sourcing team	●

MENU

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

BACK

NEXT





# FINANCE

(1 of 2)

## Financial Management & Budgets

	Target
<b>Focus Area: Good and Financially Sustainable Governance FM</b>	
<b>KPA : Good and Financially Sustainable Governance FM</b>	
▶ Monitor and Report on compliance with Municipal Finance Management legislation (MFMA)	●
▶ Reduce municipal overspending on operational expenditure	●
▶ Develop and implement Tariff-and-Funding-Model	●
▶ Develop and implement Long Term Financial Plan	●
▶ Completion of 2016/2017 Final Operational and Capital Expenditure (OPEX & CAPEX) budget	■
▶ Budget aligned with Medium Term Strategic Framework (MTSF) and developmental growth path aims	●
▶ Completion of 2016/2017 Draft Operational and Capital Expenditure (OPEX & CAPEX) budget	●
▶ Reduce municipal debt	●
▶ Align Programmes Expenditure to Budget	●
▶ Intensify implementation of internal controls & policies	●
▶ Framework which takes into account new global and national conditions	●
▶ Maintain stakeholders' confidence in municipality's financial position	●
▶ Maintain an asset register that is GRAP compliant	●
▶ Maintain and improve audit outcomes of the municipality	●
▶ Improve efficiency and effectiveness of credit control strategy	●
▶ Completion of 2015/2016 Adjustment Operational and Capital Expenditure (OPEX & CAPEX) budget	●
▶ Develop and implement budget management controls	●
▶ Published 3 Year Medium Term Revenue and Expenditure Framework (MTREF) with Capital Expenditure (Cap	●

MENU

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

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# OFFICE OF THE CHIEF WHIP

	Target
Focus Area: Good and Financial Sustainable Governance MMO6	
KPA : Good and Financial Sustainable Governance MMO6	
▼ Ensure co-operative governance through oversight and accountability	●
Improve coordination of caucuses strategic and Makgotla retreats i.e. Joint Whippery and District Wide Caucuses Lekgotla	●
Strengthen and improve coordination caucuses and caucuses forums i.e. Chief Whips, Whippery and Multi Party Forums	●
Strengthen and improve coordination of Political Management Team meetings	●
Strengthen facilitation of oversight i.e. Study Groups Sittings	●
Tighten coordination of oversight	●
Strengthen and improve coordination councilors capacity building and training programs	■
Strengthen and improve coordination and facilitation of benchmark visits and study tours	■

[MENU](#)

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

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# OFFICE OF THE SPEAKER

	Target
Focus Area: Good and Financial Sustainable Governance MM04	
KPA : Good and Financial Sustainable Governance MM04	
▼ Improved stakeholder relations in Sedibeng Co-operative governance	●
Re-establish strong Moral Regeneration Movement and Develop sustainable moral regeneration programmes for the district.	●
Improve stakeholder relations through public participation	●
Implement new communication channels with stakeholders including: Women's month programme Faith Based Organisations(FBO,s)	●
Implementing and coordinating a petition management system to effectively deal with petitions from members of the public	●

[MENU](#)

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

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# OFFICE OF THE EXECUTIVE MAYOR

	Target
Focus Area: Good and Financial Sustainable Governance MM05	
KPA : Good and Financial Sustainable Governance MM05	
▼ Deepening democracy through an integrated stakeholder relations programmes.	■
Observe national and local commemorative days	●
Strengthen IGR structures.	●
Develop campaigns for national identity and social cohesion	●
Convene stakeholder engagements for the review of the IDP.	●
Convene Joint Mayor's Forums and Joint Mayoral Committee engagements.	■
Convene Izimbizo and the State of the District Address to account to communities.	●

[MENU](#)

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

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# OFFICE OF THE MM

(2 of 2)

## Municipal Systems Continued...

Focus Area: Good and Financial Sustainable Governance MMO3	
KPA : Good and Financial Sustainable Governance MMO3	
▼ Annual Audit Plan	●
Coordinate all Audit Committee Meetings	●
Development and implementation of Internal Audit Plans	●
Conduct all ad-hoc audits	●
Focus Area: Good and Financial Sustainable Governance MMO2	
KPA : Good and Financial Sustainable Governance MMO2	
▼ Development of Intergovernmental relations strategic programmes	●
Conduct a District-wide IGR workshop	●
Effective Intergovernmental Relations	●
Implementation of the Enterprise Risk Management Programmes	●
Conduct an Annual Strategic & Operational Risk Assessment	●
Implementation of an Anti-fraud and Anti- Corruption Plan	●

MENU

Legend: ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

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# OFFICE OF THE MM

## Municipal Systems

(1 of 2)

	Target
<b>Focus Area: Good and Financial Sustainable Governance MMO1</b>	
<b>KPA : Good and Financial Sustainable Governance MMO1</b>	
▼ Ensure qualitative transparent and reliable performance management system in Sedibeng District municipality	■
Compile Draft and Final Annual Report and Table to Council for Approval	●
Quality assurance and submission for auditing and approval of Quarter 1 Reporting	●
Development and approval of the Service Delivery & Budget Implementation Plan.	●
Review of the PMS Policy and Framework.	●
Improve the quality of Performance Management Systems	●
Develop and Submit Reports, Mid-year and Annual Reports, as per legislative requirements to Audit for review and Approval	●
Reports, Mid-year and Annual Reports, as per legislative requirements submitted for Audit Review and Approval	●
<b>Focus Area: Good and Financially Sustainable Governance IDP</b>	
<b>KPA : Good and Financially Sustainable Governance IDP</b>	
▼ Ensure Review of the IDP and submit for approval the 2016/17 IDP	●
Develop the Draft and Final IDP 2016/2017 and Submit for Approval	●
Consolidate Progress Report on the implementation of the 2nd Generation GDS	●
Develop the IDP review process plan 2015/2016 for the development of the 2016/17 IDP and submit for approval	●

MENU

**Legend:** ● Target Met ▲ In Progress ■ Target Not Met ● No Reporting/ Not Applicable

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**OFFICE OF THE MM**

**OFFICE OF THE EXECUTIVE MAYOR**

**OFFICE OF THE CHIEF WHIP**

**OFFICE OF THE SPEAKER**

**FINANCE**

**COMMUNITY SERVICES**

**CORPORATE SERVICES**

**SPED**

**TIE**







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"Together Moving Forward  
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